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Pete Wilson Governer State of California

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# Governor's Budget Summary 1994-95

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Submitted by Pete Wilson Governor State of California

to the California Legislature 1993-94 Regular Session



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January 7, 1994

To the Senate and the Assembly of the California Legislature:

I submit for your consideration the Governor's Budget for 1994-95.

The budget reflects the priorities that are paramount in the minds of Californians: improving the state's jobs climate and protecting the safety of Californians from violent crime.

Over the past year, as we have confronted the challenges of an economy that is in fundamental transition, we have acted to shape our future and change it for the better. Working together, we made significant achievements in 1993 that have set the stage for the California Comeback.

But while we have moved forward in California, policy decisions in Washington continue to work against our progress in a number of areas.

We must engage both the Congress and the Administration in a partnership, in order to make the changes needed so that California can join in the national economic recovery. I look forward to your joining with me in sending a clear and united message that a cooperative effort can result in benefits for both California and the nation.

With your responsible leadership in 1994, we can build on our accomplishments and chart the course for California's future — a future of economic opportunity, of personal security, and of opportunity for all Californians.

Sincerely,

PETE WILSON



STATE OF CALIFORNIA

DEPARTMENT OF FINANCE

OFFICE OF THE DIRECTOR STATE CAPITOL, ROOM 1145 SACRAMENTO, CA 95814-4998



January 7, 1994



As Director of Finance, I submit to you the 1994-95 Governor's Budget.

A budget is a statement of priorities: what we believe to be the most wise investment of the resources of our shareholders -- California taxpayers -- within the framework of our economic conditions.

The 1994-95 budget reflects the priorities of this Administration and, I believe, of the people of California.

It continues to emphasize the importance of improving the California jobs climate that is essential for economic growth.

It focuses on our responsibility to meet Californians' expectation that their homes, schools, and communities are safe from crime and violence.

It builds upon the Administration's commitment to preventive government -- moving from remediation to prevention, and from dependency to self-sufficiency.

And, it calls for a partnership with the federal government that will allow California to become a part of the economic recovery underway in other regions of the nation.

Given the state's economic climate, developing this budget has been a difficult and complex undertaking. And it could not have been done without the dedicated and professional work of the staff of the Department of Finance. They are a group that has again provided a valuable service to you, to the Legislature, and to the people of California, and I want to take this opportunity to thank each of them for their contribution.

Sincerely,

RUSSELL S. GOULD

Director



The Governor's Budget is more than a financial document. It is the embodiment of the Governor's vision for the State of California as it approaches the 21st Century and the course we need to set today to successfully compete in a world economy.

Governor Wilson's vision is a flourishing California whose diversity and unmatched access to burgeoning Pacific Rim and Latin American economies produces vibrant economic growth. This vision encompasses a society which values children, families, and community, and above all the safety of all its residents. It means a California which employs its immense technological prowess to balance job creation with protection of the environment.

For the people of California, this vision means economic security, personal security, opportunity, and strong families and communities.

# **Economic Security**

- Secure jobs with adequate wages to support California workers and their families.
- \* Financial security for retired and disabled Californians.
- \* Access to affordable quality health care.
- \* Affordable housing and opportunities for home ownership.
- \* Better value for the government services Californians pay taxes for.

# Personal Security

- Personal safety in Californians' homes, neighborhoods, workplace, schools, and on the highways.
- \* Prompt and professional response from police, fire, and paramedic personnel.
- Prompt and adequate assistance if Californians become victims of a natural disaster.
- \* A court system that resolves criminal and civil issues fairly and quickly.

# **Opportunity**

- Quality schools for all Californians, regardless of their race, their income, or where they live.
- Schools that will prepare our children for a highly competitive worldwide job market.
- Colleges and universities that provide broad access to affordable, quality higher education and that generate the discovery and innovation needed to promote economic growth.
- Opportunities for self-employment and entrepreneurship.
- A society free from discrimination and bigotry.

# Strong Families and Communities

- Assistance for those most in need, but in a way that promotes freedom, personal responsibility, self-sufficiency, strong families, and strong communities.
- Prevention of social problems that weaken our families and communities, not simply reaction to those problems at far greater cost to individuals and society.
- Governmental and political institutions that operate openly, honestly, and free from undue influence from special interests.
- ❖ Federal, state, and local governments working cooperatively to solve common problems.
- Protection of the state's environmental and public health.
- Enjoyment of the state's beaches, mountains, deserts and parklands.



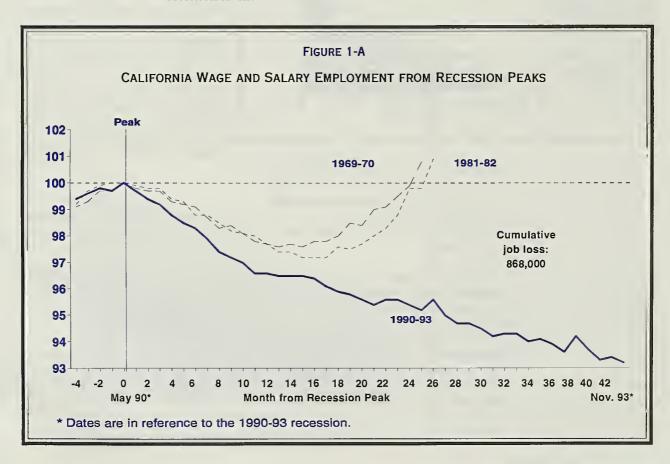
# THE CHALLENGES OF THE 1990S AND CALIFORNIA'S RESPONSE

#### CHALLENGES FACING THE CALIFORNIA ECONOMY

California is a state endowed with immense natural, industrial, technological, and human resources. If California were a separate nation, its output of goods and services would rank eighth among the world's nations. California's long-term economic prospects are highly favorable. It has a good climate, a large, well-educated work force, a world-renowned system of higher education, immense consumer markets, unmatched access to high-growth Pacific Rim and Latin American economies, advanced technology, efficient transportation and communications networks, and an innovative and entrepreneurial spirit.

Notwithstanding these riches, California's economy has been battered by the worst economic downturn since the Great Depression. Figure 1-A clearly indicates the severity and persistence of the continuing economic restructuring.

Compared with two typical postwar recessions, in 1969-70 and 1981-82, the current economic recession is more persistent. In previous recessions, California's job losses continued until 12 to 14 months after the onset of the recession. Job growth then returned, and by the time 24 months had elapsed, employment had returned to prerecession levels.

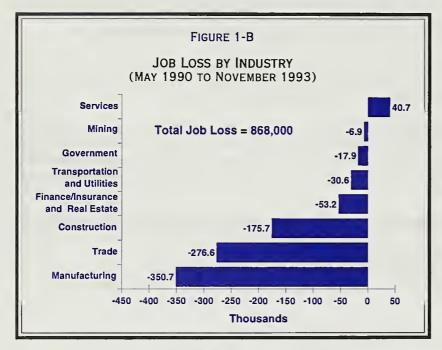


California is now in the 44th month since employment peaked in May of 1990, and job losses are continuing. While the other 49 states have added 3 million jobs since January 1992, California has lost 300,000. Clearly, California has yet to participte in the emerging national economic recovery.

Compared to the 1969-70 and 1981-82 recessions, job losses experienced in the current recession dwarf that of previous downturns. Since May of 1990, employment has declined by 868,000, nearly seven percent of pre-recession employment.

The recessions of 1969-70 and 1981-82 also were similar to one another -- and to other post-war downturns -- with respect to the composition of the job losses. Job losses were largely confined to the manufacturing and construction industries. Other industries, including retail and wholesale trade, services, financial, insurance, transportation,

utilities, and government were virtually immune from recession.



As indicated by Figure 1-B, virtually no sector has escaped employment losses in the current restructuring. Even services, which are now showing a small gain from the pre-recession peak, suffered job losses during the severe first year of the downturn. The bulk of job losses have fallen in three areas: manufacturing, wholesale and retail trade, and construction. Unlike previous recessions, where workers were laid off and then rehired when factory orders returned to pre-recession levels, most of the job losses in the current recession are permanent. Even in those sectors where demand for goods has strengthened, many businesses are extremely reluctant to hire back workers on a permanent basis, and consequently

have relied to a great extent on increased overtime.

Gross employment figures also have masked changes in job quality. Even in cases where new jobs have been created, average wages and benefits have generally been lower than the high wage and benefit jobs that have been eliminated from industries like aerospace and electronics.

It is clear that California's economy is in the midst of a major restructuring. Whole industries are disappearing, in many cases industries that were part of the state's core export sector. The issue facing the state's economic future is how new core export industries can be created to sustain continued economic growth.

How has this happened? What has contributed to such a severe and persistent recession, one that refuses to respond to an emerging national economic recovery? While the causes of this downturn are varied and complex, a single factor dominates the explanation: reductions in national defense outlays.

#### THE IMPACT OF FEDERAL DEFENSE CUTBACKS ON CALIFORNIA JOBS

By far, the largest factor in California's economic performance over the last several years has been the huge cuts in federal defense spending and California's massively disproportionate share of those cuts.

The direct and indirect effects of

defense cuts to date account for at

least 60 percent of the decline in

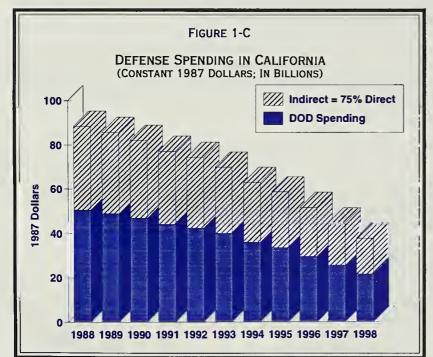
real economic activity.

Since 1988, the State has lost 162,000 aerospace manufacturing jobs—43 percent of the industry—due mainly to defense cuts; a significant portion of the 72,000 electronics industry job losses may also be traced to the drop in defense purchases. These declines reflect huge cuts in defense contracts, from a peak of \$30 billion in the mid-1980s to \$20 billion in 1992. Adjusted for inflation, contracts have been cut in half since 1984. Reductions in federal defense contracts have hit the Los Angeles area especially hard.

The Department of Defense has reduced its civilian payrolls in the State by 26,000, while military personnel have been cut more than 35,000. California will bear 62 percent of nationwide job losses from military base closings, including nearly 90 percent of the reductions in the 1993 round of announcements. These job losses are over four times California's share of national employment on military bases. The majority of the base closings will occur in the 1995-97 period, and will hit the San Francisco and Monterey Bay areas especially hard.

Overall, defense spending in California has dropped by 20 percent in real terms, from a peak of over \$50 billion in 1988 to about \$40 billion last year, expressed in constant 1987 dollars. Moreover, future defense cuts proposed by President Clinton and adopted by Congress are far larger than any since the end of World War II. President Clinton's \$188 billion cuts over the next five years are two and one-half times larger than those in President Bush's last budget proposal and will bring the defense share of gross domestic product to its lowest level since 1938. Early reports on the President's

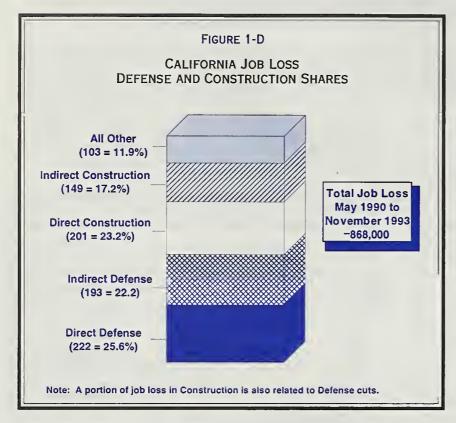
proposal, for the 1995 fiscal year indicate he will propose accelerating the pace of defense beyond that enacted in the 1994 budget.



As adopted by Congress in 1993, the five-year budget plan will, by 1998, cut real national defense outlays by 40 percent from peak 1987-88 levels. The cuts will fall disproportionately on equipment purchases, which are slated to drop twice as much as payroll costs. These cuts in high-tech equipment programs, as exemplified by the elimination of the Strategic Defense Initiative, will hit California's aerospace and electronics industries especially hard.

With California singled out for the majority of base-closure job losses, and given the huge cuts in equipment purchases, it is likely that the State

will bear 30 to 33 percent of the cuts in defense spending, well beyond its 21-to 22-percent share of the defense budget. Compared to the nation's 40-percent cut in real defense outlays, California will see real spending slashed by as much as 60 percent by 1998.



Using traditional economic analysis, it is possible to trace roughly half the state's 850,000-plus recession job loss to the direct and indirect effects of the defense cuts. The direct and indirect effects of defense cuts to date account for at least 60 percent of the decline in real economic activity. As indicated in Figure 1-D, 48 percent of California job losses are directly or indirectly related to defense cutbacks, and additional job losses in the construction industry are clearly related to defense cuts. However, traditional analysis was never designed to cope with a restructuring of the magnitude visited on California by the destruction of over half of its largest basic industry.

Shocks of this magnitude result in systematic shifts in business and consumer attitudes and expectations. These shifts, which affect spending, investment, and hiring decisions, are often called "thresh-

old effects". Such effects are magnified in real estate markets, and can explain, in part, the ongoing drop in home prices and the absence of a California homebuilding recovery—even in the face of 20-year-low interest rates.

While it is not possible to pinpoint the full impact of defense cuts on California's economy, there is no question that defense is by far the leading cause of the state's economic distress. With the full impact of the Clinton cuts yet to be felt, recovery through much of this decade will be jeopardized absent concerted action at all levels of governments.

#### CALIFORNIA'S RESPONSE TO THE ECONOMIC CHALLENGES OF THE 1990S

Rebuilding California's economy in face of reduced federal defense outlays requires a multifaceted strategy. Among the most important components of this strategy is a careful examination of California' competitiveness. For decades, the state's economy was so strong and business opportunities so numerous that the State lost sight of a number of factors that slowly increased the cost of doing business. These issues included state taxes, environmental regulations, the cost of workers' compensation, the cost of real estate, traffic congestion, and other factors.

As California works to retain and attract jobs to replace those lost in the aerospace, electronics, retail trade, construction, and other industries, it must be mindful that the State is competing in a global marketplace for consumer goods, services, labor, technology, and capital. The year 1993 saw major changes in the structure of international trade, as a result of approval of the North American Free Trade Agreement (NAFTA) and the General Agreement on Trade and Tariffs (GATT). The changing global economy presents California with enormously attractive opportunities. It also reminds us that we must keep an eye on our competitors, lest they seize those opportunities from us.

The past year was marked by major changes in California's attitude toward its jobs environment. The Governor and the Legislature achieved major successes in improving California's jobs climate to allow our businesses and workers the best possible opportunity to compete in the global economy.

#### Workers' Compensation Reform

Long decried by business and labor as inefficient, costly, unfair, and rife with fraud, California's workers' compensation system underwent a major overhaul in 1993. In July 1993, Governor Wilson signed major legislation reforming the workers' compensation system. Among the legislation's key highlights:

- The reforms are expected to reduce workers' compensation costs by at least \$1.5 billion, or nearly 14 percent from the current \$11 billion system. Half of the savings will go to reduce premiums for employers and half will be used to increase benefits for injured workers over the next three and a half years.
- The reforms direct the Insurance Commissioner to reduce employers' workers' compensation premium rates by at least 7 percent no later than January 1, 1994 and to consider the savings from this reform in approving or issuing premium rates in the future.
- Permanent partial disability is increased only where the disability is at least 15 percent, and is concentrated in the upper levels for the most severely disabled workers.
- The new law dramatically limits the opportunities for abuse of psychiatric claims. Psychiatric injuries must now be predominantly job-related to be eligible. Claims filed after an employee receives notice of termination are subject to even further restrictions.
- Beginning in July 1994, maximum weekly benefits for injured workers will increase over the next three years: \$406 in 1994, \$448 in 1995, and \$490 in 1996.
- The new law limits medical costs by allowing employers and insurance companies to use managed care organizations, and imposed tighter controls on medical costs.

- It deflates the skyrocketing cost of medical-legal evaluations, caps the cost of vocational rehabilitation, and strengthens conflict-of-interest rules. This followed action in a bill signed by Governor Wilson in 1993 to limit the number of medical evaluations.
- The reforms repeal the Minimum Rate Law, which ensures lower overall costs for most of the state's businesses.

#### California Business Tax Reform

One of the chief obstacles to job creation and retention—the absence of a sales tax credit for the purchase of manufacturing equipment—was addressed through a significant, multi-bill tax reform package, signed by the Governor in October 1993.

SB 671 (Alquist) represents the most sweeping tax reform legislation since Proposition 13 was passed in 1978. The reform package—the centerpiece of the administration's economic growth agenda for California—is designed to give the State a competitive edge in attracting and creating businesses and jobs. This legislation is a major first step in sending the message that California will stay competitive in global competition for jobs.

The law's major provisions are as follows:

- The law significantly strengthens of the state's case in the Barclays and Colgate lawsuits, currently pending before the U.S. Supreme Court.
- The law eliminated the threat of British retaliation against California firms doing business in Britain.
- Beginning in 1995, the law institutes a 6-percent tax credit on purchases of manufacturing equipment made on and after January 1, 1994 and, for start-up companies, the alternative of a 6-percent sales-tax exemption on manufacturing equipment.
- As a benefit to investors in small business, the law establishes a 50-percent exclusion on taxes on capital gains accrued on stock held on such a business for at least five years.
- \* The law makes California's existing research and development (R&D) tax credit permanent, and increases the state's limit on R&D expenditures to conform with federal standards.
- The law reduces the surtax rate applied to so-called Subchapter-S small business corporations from 2.5 percent to 1.5 percent. California is home to more than 90,000 Subchapter-S corporations, most of which are small businesses that create the new jobs in this State.

The Governor also signed legislation which allows businesses starting after January 1, 1994, an eight-year carry-over period for losses they incur in their first year of operation. The law also permits start-up companies and small businesses to carry forward a full 100 percent of losses incurred in their first three years of operation.

Finally, the Governor signed legislation establishing a double-weighted sales factor for the unitary tax, encouraging investment in California manufacturing jobs.

#### Permit Streamlining Reform

In response to business complaints about the often confusing and cumbersome permitting process, the Governor in July launched a five-point plan of reform. This plan included:

- A one-stop permit shop system where a business can get the environmental permits it needs. The first two are now open in Los Angeles and Orange Counties. Four others are being planned in the Central Valley, Bay Area, San Diego, and Inland Empire.
- A top-to-bottom review of every regulatory board and all offices at the California Environmental Protection Agency. A corporate advisory board, co-chaired by the Secretary of Cal-EPA and the Secretary of the California Trade and Commerce Agency, is providing feedback.
- The creation of several industry-specific task forces composed of industry leaders to advise the State on ways to improve the overall permitting process.
- A tracking system and time limits are in place for every environmental permit issued by the State.
- Customer service surveys are being provided with every permit for feedback from the "users" in the system.

Red Teams consist of decisionmakers from the Governor to
community and business leaders
who come together to cut through
bureaucratic procedures, fix
business problems, and save jobs.

On September 20, 1993, the Governor signed two new laws designed to ease the environmental permitting processes for California businesses. They direct Cal-EPA to:

- Coordinate the processing of all environmental permit applications required for an individual business, ensure timely decisions, and resolve conflicting regulations mandated by different agencies.
- Refund permit fees paid by businesses if state agencies fail to meet approval deadlines.
- Streamline the procedures for obtaining hazardous waste permits.

#### Defense Conversion/Strategic Technology

Moving into the forefront of national efforts to bring defense-related technologies into the commercial marketplace and revitalize the California economy, the Governor signed a legislative package in September 1993, that will coordinate the state's response to federal defense conversion programs. The laws will assist California's defense-related firms, create new technologies for commercial markets, and create new jobs as follows:

Creation of the Office of Strategic Technology. This office, established within the Trade and Commerce Agency, is responsible for the administration of the Defense Conversion Matching Grant Program and serves as staff support and implementors of the policy and programs developed by the Defense Conversion Council. The Office of Strategic Technology will also oversee the Regional Technology Alliances. Regional Technology Alliances will be established in the San Diego, Los Angeles, and San Francisco Bay areas.

Defense Conversion Council. This council, authorized by statute, is modeled after an earlier council created by the Governor by executive order. The purpose of the Council is to provide a central clearinghouse for all base reuse and defense conversion activities in California.

Defense Conversion Matching Grant Program This program will be administered by the Office of Strategic Technology and overseen by the Council. This program provides a process for disbursing future federal and state matching dollars to the Regional Technology Alliances and individual project applicants. Legislation enacted in 1993 appropriates \$4 million in Petroleum Violation Escrow Account funds for the state's defense conversion efforts.

Defense Conversion Coordinator The Governor will appoint or select a person to represent the State in Washington, D.C. to identify military base closure and conversion revenue sources.

#### Team California and Red Teams

The cornerstone program of the Governor's "California Comeback" agenda is TeamCalifornia, an attitudinal change toward working with business from the state's more than 600 economic development organizations, local governments, utilities, and chambers of commerce. Its slogan: "In Business Together;" its mission: to keep California competitive for business, to create jobs, and promote investment statewide.

The California Trade and Commerce Agency coordinates the TeamCalifornia initiative. The agency trains local communities in the "Red Team" method of business retention and attraction efforts.

Red Teams consist of decision-makers from the Governor to community and business leaders who come together to cut through bureaucratic procedures, fix business problems, and save jobs.

Team California's impact has been felt across the State.

# REBUILDING CALIFORNIA JOB BY JOB

- Carlsbad, in San Diego County, was chosen in a head-to-head competition over Prince William County, Virginia, as the site of the first Lego family theme park in America. The \$100 million investment will provide 800 new jobs during construction and 700 jobs when the park opens.
- In San Jose, Team California assisted Conner Peripherals to retain 450 jobs at its disk drive division in Milpitas.
- In Folsom Intel Corporation, announced in July a \$35 million expansion that will add 750 jobs.
- In Stockton, Adna Corporation, the supplier of truck frame assemblies to New United Motors Manufacturing Incorporated (NUMMI), broke ground for its new manufacturing operation in Stockton.
- In Fontana, the California Steel Industries, Inc. (CSI) is currently working with a Red Team to locate an electric arc furnace in the Inland Empire. Successful resolution of CSI's projects would solidify 1,000 current jobs, possibly adding up to 300 jobs plus direct and support employment for \$250 million in construction work.
- ❖ In Shafter, the largest private sector investment in the City's history is presently underway. A subsidiary of Elcor Corporation, Elk Corporation of America, purchased an 87-acre site in Kern County for the construction of a \$30 million plant to produce laminated fiberglass asphalt shingles. The 150,000 square foot facility will employ 90 with a workforce of 140 at full production.
- In late September, Louisiana-Pacific decided to remain in California and forego plans to manufacture its new concrete shake products in Ensenada, Mexico, after a local and state organized Red Team showed company executives how the environmental and building permits could be delivered on time within the State. The decision to remain means that Louisiana-Pacific will build its 120,000 square foot facility in Red Bluff and bring 92 jobs to northern California.
- Wesflex, a Richmond, California plastics manufacturer, was being heavily recruited by Nevada and Oregon recently when a Red Team of City of Redding officials successfully convinced Wesflex to remain in the State. As a result, an available 33,000 square foot building will house the high-density polyethylene pipe manufacturing operation, providing 30 jobs.

#### New Initiatives for 1994-95

Following on the successes of 1993, the Governor's Budget for 1994-95 proposes a number of new initiatives designed to build on the continuing efforts to retain and attract new business and jobs.

Jobs Creation Tax Credit To encourage job creation by start-up businesses, the administration is proposing a personal income tax and a bank and corporation tax credit that would be available to start-up businesses that create new jobs in California. The credit would be refundable and equal to \$1,000 for each new full-time job created by a business that is new in California. The credit would be earned in the first two years following the date the business organizes or commences business activity in California and would be awarded for each new employee hired during this period.

Small Business Loan Guarantee Program Expansion Since 1968, California has operated a loan guarantee program to assist small businesses unable to obtain conventional commercial bank credit. Non-profit corporations authorized to issue these loan guarantees are currently turning away many small businesses needing credit, because the existing level of state funding supporting the program is insufficient to meet the current demand. The Governor's Budget for 1994-95 proposes an augmentation of \$1.34 million to expand the funds available for support of this program.

Enhancement of the Export Finance Fund The California Export Finance program uses the Export Finance Fund as collateral to support loan guarantees to banks as working capital loans and lines of credit to California exporters to facilitate the completion of export sales transactions. The current fund of \$6.5 million has been fully leveraged to the maximum level of 4:1; providing a total guarantee authority of \$26 million. The Governor's Budget proposes augmenting the Export Finance Fund by \$5 million permitting the program to expand loan guarantees available to California exporters.

Local Permit Streamlining Grant Program Current law authorizes the Office of Permit Assistance in the Trade and Commerce Agency to award grants to assist cities and counties to establish streamlined permit processes. To date, no funds have been provided to support this program. The Governor's Budget proposes \$1.1 million to fund this activity, which will assist local communities establish permitting procedures that will encourage business development.

Small Business Surety Bond Program Current law authorizes the Trade and Commerce Agency to provide surety bond guarantees to emerging contractors which would otherwise be unable to qualify for surety bonds. The Governor's Budget proposes \$4.2 million to allow the Trade and Commerce Agency to create two accounts within each of the Corporate Trust Fund and the Small Business Expansion Fund to support loan guarantees and surety bond guarantees. This proposal will allow Small Business Regional Corporations to guarantee approximately \$4.9 million in surety bonds.

Economic Development Fund In order to attract new business to California, transportation infrastructure plays a vital role. Over the past year, a number of major opportunities to bring new business growth into the State resulted in success by ensuring that necessary transportation infrastructure improvements will be provided to new and expanding businesses. For example, the state and local governments have made commitments to (1) provide high occupancy vehicle lanes and upgraded area interchanges associated with the Intel Corporation's expansion in Sacramento County, and (2) to fund interchange improvements in Carlsbad to support the new theme park planned by the Lego Corporation.

Continuing this success will require ongoing cooperative efforts between the state, local government, and businesses. One of the key components of success to date has been the ability of the State to act quickly to take advantage of opportunities as they become available. As a consequence, the administration will be proposing legislation in 1994 to create an Economic Development Fund to provide the state with the flexibility needed to respond quickly to opportunities for job growth.

Tourism Marketing. The Trade and Commerce Agency will propose legislation to create a self-assessment mechanism for California's tourism industry, in order to increase the resources available to market California as a tourism destination.

State Infrastructure Bonds. California's long-term economic health depends on adequate levels of private and public investment in infrastructure. The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects to be financed from General Obligation Bond issues requiring voter approval in 1994. Approximately \$5.1 billion will be proposed before the electorate in the June and November general elections, which will include:

- \* \$1.6 billion for K-12 schools to meet the demands for more classrooms. California must contain to build more classrooms for the state's growing school-age population.
- \* \$1.4 billion for a variety of public safety program needs, including: prison and youth authority facility construction (\$1.02 billion); construction of an emergency services operations center and military headquarters (\$.055 billion); replacement and repair of forestry fire stations and continuation of existing local flood control efforts (\$.235 billion); construction of a public health lab facility (\$.090 billion). These bonds are needed to protect the public from violent and habitual criminals and to provide adequate protection from natural disasters.
- \$1.0 billion previously authorized by Proposition 108 (Passenger Rail and Clean Air Bond Act of 1990) for urban and intercity rail transit programs. These investments in our transportation system are needed to support California's continued efforts to create jobs.
- \* \$900 million to support the higher education bond for construction, renovation, and expansion of classrooms, laboratories, and libraries, as well as projects to update infrastructure on campuses to meet life safety requirements. These projects will help build facilities and infrastructure to provide an integrated, state-of-the-art network that facilitates voice, video, data and image transmission.
- \* \$200 million for the development of an Infrastructure Bank to assist local jurisdictions in attracting economic development projects that will create new jobs by addressing critical local infrastructure needs. The Infrastructure Bank will continue and strengthen the partnership between the state and local government and business to maintain and bring new jobs to California.



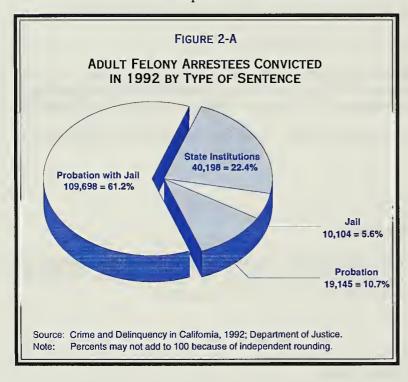


# PROTECTING THE PUBLIC FROM CRIME AND VIOLENCE

#### Incarceration of Violent and Habitual Offenders

By June 1994, California prisons will incarcerate 126,000 convicted felons. Whether for violent or nonviolent crimes, California imprisons only the worst offenders: of all adult felony convictions in 1992, just over 22 percent resulted in a state prison sentence. As indicated in Figure 2-A, the remaining 78 percent of convicted felons are in local jails or on probation. Violent criminals comprise the largest segment of the inmate population (42.6%), followed by property offenders (26.3%), and drug offenders (24.8%).

In light of the state's burgeoning prison population, some have questioned the imprisonment of nonviolent offenders, a category that includes all property offenders (except those convicted of first degree burglary) and all drug offenders (except those sentenced to prison for selling drugs). The reason, however, is quite clear: nonviolent offenders sent to state prison are habitual criminals.



#### For example:

- Second degree burglars in the state prison system typically have five prior adult convictions on their criminal record. Almost 85 percent of these offenders were on probation at the time they committed their current offense. Over two-thirds had one or more prior jail sentences. One-third of such offenders had been in jail three or more times.
- \* Prison inmates convicted for auto theft demonstrate a similar pattern. Over 85 percent have prior adult convictions. Over 80 percent were on probation at the time of the current offense. Over two-thirds have been incarcerated in jail prior to the commitment to state prison.
- The average number of prior adult convictions for all nonviolent offenders was 4.7, and almost nine out of ten had at least one prior adult conviction.

Governor Wilson believes that short jail sentences and probation are insufficient measures to protect the public from habitual offenders, regardless of whether or not their crimes are violent.

#### Crime Summit and Special Legislative Session on Crime

To forge a comprehensive plan to deal with the senseless and violent crimes plaguing California, the Governor has scheduled a Crime Summit beginning January 19, 1994.

He also has called a Special Legislative Session to toughen the state's criminal laws, to run concurrently with the Regular Legislative Session beginning January 3, 1994.

The Governor has identified five priority pieces of legislation, which together make up the Violent Crime Control Program of 1994. This package includes:

- Increasing penalties for repeat offenders (the so-called "Three Strikes, and You're Out" proposal.)
- Providing a sentence of life without the possibility of parole for first time sexual predators.
- . Providing a life sentence for armed career criminals.
- Enacting tougher standards for reducing sentences based on good-time and prison work credits.
- Repealing the "Inmate Bill of Rights." This bill, enacted in 1975, grants California inmates the broadest set of rights available to prisoners in the United States.

The Governor also has called for enactment of other legislation which would:

- Require trying the most violent teenagers as adults.
- Sentencing criminals who commit murder during a carjacking or a drive-by shooting to the death penalty or to life in prison without the possibility of parole, building on increased sentences enacted in 1993 as part of Administration sponsored Legislation.
- Sentencing repeat offender arsonists to serve life in prison without the possibility of parole.

#### ADDITIONAL PROPOSALS

#### Assistance to Crime Victims

In accord with his longstanding advocacy of victims' rights, Governor Wilson is proposing legislation to assure continued financial support for victims of crime through the restitution program and the victim-witness assistance program.

#### Crime Prevention

Governor Wilson has created and supported a number of effective and innovative programs to help prevent crime:

- The establishment of "gun-free zones" and "drug-free zones" to enhance school safety.
- Expanding the "Friday Night Live" and "Club Live" programs, which help 1.2 million California teens and pre-teens resist drugs and alcohol, to all 58 counties.
- Creation of the "Share the Path" mentoring program, now in operation at 13 prisons and parole offices, to help "at-risk" youth change their lives.
- Supporting the creation of the Trustline Program, a registry for parents to be able to check criminal backgrounds of babysitters or child care providers.

- Support of the Family Preservation Program which provides services to "at-risk" families needing help in the area of child abuse and child neglect.
- Creation and support of the California Academic Volunteer and Mentor Corps, which recruits, coordinates, and trains volunteers to act as mentors to young people in need of direction and assistance in their lives.
- Creation of the nation's first "boot camps" for youthful offenders which are designed to rehabilitate juveniles for a productive return to society.

#### Conjugal Visits

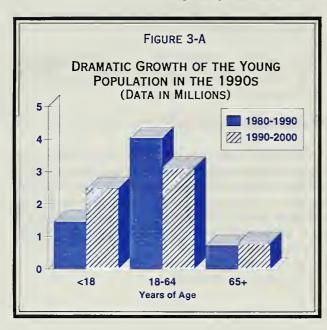
California is one of only seven states that allows conjugal visitation rights for inmates. The Governor has stated his support for legislation that would repeal conjugal visitation rights for convicted child molesters and other inmates convicted of violent crimes.

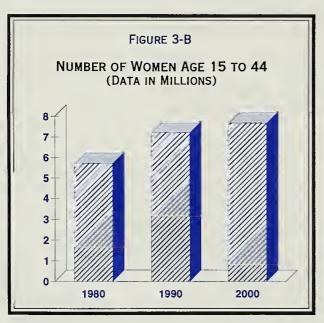




# CALIFORNIA'S CHANGING POPULATION

Currently exceeding 31.9 million people, California's population will grow more in the 1990s than in any previous decade in the State's history. Current estimates indicate that the State's population will grow to 36.3 million people by 2000, an increase of 6.3 million over 1990. This exceeds the population growth of 6.2 million absorbed by the State in the 1980s. This would mean that throughout the decade of the 1990s, 1,700 new people would become Californians every day. Based on this projection, it will compound severe budgetary pressures already encountered by state and local agencies throughout the 1990s.





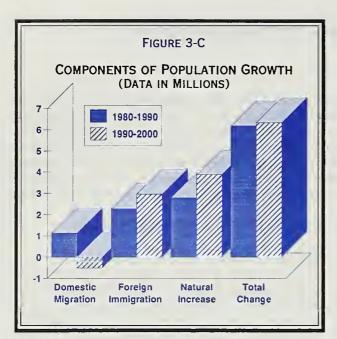
#### Dramatic Growth of the Young Population

California's dramatic population growth will be uneven across age groups, as shown in Figure 3-A. Growth of the working age population (age 18 to 64) has slowed and will represent a smaller portion of the State's total population in the future. Growth in the young population (birth to age 17), however, has increased. Between 1990 and 2000, the young population is estimated to grow nearly 2.5 million, and will comprise 28 percent of the State's total population. The older population (age 65 and over) is estimated to grow slower in the 1990s than in the 1980s, but at a slightly faster pace than the population as a whole. The older population will account for about 11 percent of the total population.

Notwithstanding the recent rapid growth in the State's school age population, actual and projected public school enrollments have continued a slow, though still significant, rate of growth. This trend may result from temporary declines in domestic migration resulting from the recession. Whatever its cause, the underlying growth trend in the school age population is likely to increase pressure on school enrollments as the economy recovers.

#### The Growing Importance of Natural Increase

Natural increase (the number of births less the number of deaths) will assume the leading role in the State's population growth in the 1990s, increasing from 45 percent of total population growth in the 1980s to 60 percent in the 1990s. Although fertility rates (the number of children per women of childbearing age) will decline slightly and the growth in the total number of women of childbearing age slows, as shown in Figure 3-B, births in California remain over 580,000 annually. The growing influence of natural increase is important because population growth resulting from natural increase is less likely to be influenced by economic and international conditions than is domestic migration.



#### The Role of Immigration

Immigration has played a major role in California's growth, particularly in the past decade. About 55 percent of the State's growth in the 1980s was due to domestic migration and foreign immigration as shown in Figure 3-C. Two-thirds of that growth resulted from foreign immigration, thereby accounting for 37 percent of total population growth during the decade. As a result, 23 percent of the State's residents, amounting to 5.7 million individuals, are now foreign-born. According to the most recent unofficial estimates of the U. S. Census Bureau, over 2 million of these individuals are residing in the State illegally.

Between 1990 and 2000, it is estimated that migration will contribute about 40 percent of the State's growth. All of this migration will be foreign.

#### Net Domestic Out-Migration

In 1992, California experienced net domestic outmigration for the first time in 20 years. The domestic net out-migration is expected to be even larger in 1993 and will continue until California's economy recovers. The net migration out of the State is most pronounced among individuals aged 30 to 64. This age group has relatively high income and net worth. Domestic migration, which provided 18 percent of the growth in the 1980s, will probably have a negative effect in the 1990s.

# CALIFORNIA'S ILLEGAL IMMIGRATION COSTS — A CALL FOR FEDERAL LEADERSHIP

"The federal government must gain control of our borders and must prevent massive illegal immigration. And the federal government...must reimburse state taxpayers for the costs of federal failure."

-- Governor Pete Wilson, in an open letter to President Clinton August 1993

#### WHY IS ILLEGAL IMMIGRATION A CRITICAL ISSUE TO ALL CALIFORNIANS?

- California is currently home to over 2 million illegal immigrants, which is 52 percent of the nation's total.
- It cost California taxpayers \$2.5 billion to pay for federally mandated services.
- 700,000 new jobs need to be created to support illegal immigration costs.
- 18,000 illegal immigrants are in state prisons, five times more than any other state.
- The cost of educating illegal immigrants in K-12 public schools is \$1.7 billion.
- 40 percent of all Medi-Cal births (96,000 babies) are born to illegal immigrants in California.
- Anyone with \$40 can purchase false I.D. cards in Los Angeles.
- Without immigration reform, California will experience a growth of over 1 million new illegal immigrants in the next decade.

California is committed to rebuilding its economy and providing for safe and prosperous communities. Hard hit by numerous natural disasters and an international recession, California has seen its problems compounded by federal policies that have a disproportionate impact on the State, including military reductions, base closures, and federal budget actions. In addition, the State continues to disproportionately shoulder the cost of massive illegal immigration -- a problem directly related to federal public policy.

California's taxpayers are effectively asked to pay additional "immigration taxes" to support the costs of federally-mandated services to illegal immigrants not borne by taxpayers throughout the United States.

The United States has a rich history of immigration. California, the most diverse state in the union, can point to the many benefits of legal immigration. California is home to 600,000, or 38 percent, of the approximately 1.6 million refugees admitted to the United States since 1975, and 1.6 million, or 53 percent, of the 3 million immigrants granted amnesty under the 1986 Immigration Reform and Control Act (IRCA).

However, people coming into the U.S. without the government's permission or knowledge has become a major economic and social problem, especially for states that bear a disproportionate share of the population. Of the estimated 4 million illegal immigrants who cross our borders into the United States, 52 percent live in California. California's taxpayers are effectively asked to pay additional "immigration taxes" to support the costs of federally-mandated services to illegal immigrants not borne by taxpayers throughout the United States.

Measured in terms of economic output, it would take 750,000 new jobs in the next fiscal year to pay the costs of providing mandated health care, education, and incarceration for illegal immigrants in California.

Governor Wilson is asking the federal government to end all the incentives that now encourage immigrants to enter the United States illegally, by:

- Eliminating federal mandates that require states to provide health care, education, and other benefits to illegal immigrants.
- Creating a tamper-proof eligibility card to ensure that only legal U.S. residents receive benefits.
- Amending the U.S. Constitution to deny citizenship to children born in the U.S. to illegal immigrant parents.

The 1994-95 annual costs of providing services to people illegally residing in California as a result of inadequate border control is \$2.5 billion. In the absence of substantial national immigration reform, Governor Wilson is asking the federal government to reimburse California \$2.3 billion (in recognition that the federal fiscal year begins three months after the state fiscal year).

In 1994-95, California's cost of illegal immigration will include:

\$1.7 billion for the school-year cost of educating illegal immigrants in California's public schools.

- \* \$402 million for the cost of illegal immigrants in California's correctional system.
- \$400 million for health services provided to illegal immigrants under the state's Medi-Cal program.

Governor Wilson also supports funding of local governments' cost for incarceration and other federally-mandated services.



#### **BACKGROUND**

In January 1993, as part of his 1993-94 budget proposal, Governor Wilson proposed that the federal government pay California for the cost of services to people residing illegally in the State and for the cost of unfunded federal mandates for other immigration programs. Although the federal government has the sole responsibility for setting the nation's immigration policy, the majority of the costs of illegal immigration is borne by state and local governments. Governor Wilson believes the federal government has an obligation to cease shifting federal immigration costs to the local and state level, and to craft an immigration reform plan that treats state and local governments with fairness and honesty.

In spite of broad bipartisan support throughout California, the federal government in 1993 only provided the balance of the State Legalization Impact Assistance Grants (SLIAG) funding initially authorized in the Immigration Reform and Control Act (IRCA). This federal funding was appropriated to help state and local governments pay for the then estimated cost of the national amnesty program for illegal immigrants. Regrettably, no other assistance has been made available to state or local governments for the cost of providing services to illegal immigrants residing in California as a result of federal immigration policy.

#### Wilson Plan of Action

In August 1993, after receiving no new funding from the federal government for the cost of illegal immigration, Governor Wilson outlined a comprehensive plan of action for the federal government to provide leadership by aggressively addressing the national problem of illegal immigration. His plan includes:

- The elimination of the federal mandates that require states to provide health care, education and other benefits to illegal immigrants. The federal government should pay for these mandates as long as it requires the states to provide them. Unless the mandates are repealed, the federal government is implicitly encouraging continued illegal immigration.
- Creation of a tamper-proof, legal resident eligibility card. The Immigration and Naturalization Service (INS) estimates that as many as 1.5 million forged "green cards" alone are in circulation in the State. In September 1993, the Governor asked President Clinton to designate California as a test case for a tamper-proof identification card pilot project. The Clinton Administration has not yet responded.
- \* A U.S. Constitutional amendment to deny citizenship to children born in the U.S. to illegal immigrant parents. The U.S. Constitution has been interpreted as granting

citizenship to every child born in the U.S., including children of illegal immigrant parents. In the last five years alone, the number of children of illegal immigrants on California's welfare rolls has grown more than four-fold. Governor Wilson believes that the U.S. Constitution should be amended so that citizenship is denied to the children born in the U.S. to parents who have no legal authority to work or reside in the United States.

If federal leadership fails to address the unchecked flow of illegal immigrants, the ability of government to serve those here legally will be diminished.

In addition to his call for federal action, the Governor signed state legislation to address the impact of illegal immigration on state programs by:

- \*Requiring the Department of Motor Vehicles to check U.S. citizenship prior to providing an applicant with a California Driver's License or identification card.
- \*Requiring proof of legal residency in order to receive job placement or training.
- \*Strengthening the penalties for Medi-Cal fraud and creation of penalties for those who coach others in how to defraud the State.
- \*Prohibiting local officials from enforcing sanctuary laws which have been adopted in a variety of California cities and counties, sanctuary laws prevent local law enforcement officials from reporting to the INS alleged felons who police believe to be illegal immigrants.

#### FISCAL YEAR 1994-95 BUDGET PROPOSAL

As part of his fiscal year 1994-95 Budget Proposal, Governor Wilson is asking the federal government to reimburse California \$2.3 billion for the cost of incarceration and health care and education benefits to illegal immigrants residing in California as a result of failed federal immigration policies and the lack of federal enforcement of U.S. immigration laws.

The state programs primarily impacted by illegal immigration are Medi-Cal, corrections, and education. The following table shows the request in the Governor's 1994-95 Budget:

#### State Budget Implications

If federal leadership fails to address the unchecked flow of illegal immigrants, the ability of government to serve those here legally will be diminished.

 California just opened its 27th prison; yet we are still operating at 180 percent of design capacity,

#### 1994-95 IMMIGRATION REIMBURSEMENT PROPOSAL

Program	Population	State Costs
Education Corrections Medi-Cal Total	392,260 23,262 390,000	1.7 billion 300 million 300 million \$2.300 billion

while millions are spent to incarcerate enough illegal immigrants to fill 8 state prisons.

- California's classrooms are already bursting; yet the federal government insists that they be open to anyone who illegally crosses the state's border.
- Public health care facilities are swamped; two-thirds of all babies born in L.A. public hospitals are born to parents who have illegally entered the U.S.

#### Increasing Population of Illegal Immigrants

Since 1989, enough people to fill a city the size of Oakland have illegally crossed the border into California. In a 1992 report, Los Angeles County estimated that a total of nearly three-quarters of a million illegal immigrants reside in their community.

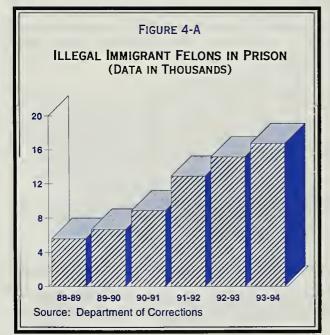
According to the most recent, but unofficial, estimates of the U.S. Census Bureau, 2,083,000 undocumented immigrants were residing in California as of April 1993. Each year, an additional 100,000 illegal immigrants are added to the state's population, which now is approaching 32 million. Based on this annual net increase, it is estimated that there will be 2,258,000 illegal immigrants in California by January 1, 1995.

Without immigration reform, California will experience a growth of over one million new illegal immigrants in the next decade.

#### IMPRISONING ILLEGAL IMMIGRANT FELONS

The 1986 Immigration Reform and Control Act directed the U.S. Attorney General to reimburse states for the costs of incarcerating illegal immigrant felons and authorizes the

appropriation of funds necessary to carry out the law. However, the federal government has routinely ignored this requirement, shifting the cost onto state taxpayers.



#### State Prisons/California Youth Authority

In 1988, there were 5,500 illegal immigrants in California's prisons. By 1994-95, there will be more than 18,000 illegal immigrants in state prisons — a three-fold increase and five times more than any other state.

California taxpayers have spent over a billion dollars in the last five years to keep these convicted felons in prison, and the cost of incarcerating these offenders in fiscal year 1994-95 is projected to exceed \$375 million.

Additionally, the State is spending approximately \$18 million a year to house youths illegally residing in the U.S. in California Youth Authority (CYA) institutions. An estimated 7 percent of CYA's population (600-700 wards) are undocumented criminals.

#### Correctional Treaties

In addition to requesting federal funding for the cost of incarcerating illegal immigrants, the Wilson Administration has focused on removing obstacles which severely limit the number of prisoners transferred to their country of origin to serve their sentence.

The United States currently has treaties governing prisoner transfers with many other countries. All of the treaties have strict criteria and require that all parties—the United States Department of Justice, the State, the foreign government, and the convicted felon—consent to the transfer. In fact, the inmate must voluntarily request a transfer.

Governor Wilson has directed his Secretary of Youth and Adult Correctional Agency to work with the U.S. Attorney General and the California Congressional Delegation to renegotiate the existing treaties to remove the requirement for prisoner approval and other barriers to such transfers. Any reforms must include assurances that felons will complete their sentence upon transfer to another country. Without these reforms, there is no realistic prospect for increasing the number of offenders transferred to their home country.

While some propose randomly deporting incarcerated illegal immigrants to their country of origin as the "solution," this approach without broader reforms is short-sighted at best. Indeed, a 1990 Los Angeles County study reported that almost 80 percent of the deportable immigrants in the Los Angeles jail system who INS returned to their country of origin, reentered the U.S. and were rearrested within one year of release, with 87 percent of the arrests occurring in Los Angeles County.

#### Parole Costs

Because the federal government alone has the authority to deport illegal immigrants, Governor Wilson is asking the President and Congress to pay not only the costs of incarcerating illegal immigrant felons, but also the cost of supervising them when on parole.

Unfortunately, not all undocumented inmates are taken into custody and deported by the INS, even after serving their sentence. In 1990, for example, over 5,600 inmates were released by the Department of Corrections to the INS upon serving their sentence, yet less than half (2,780) were deported. Failure of the INS to deport illegal immigrant criminals forces the State to monitor their activity while in the U.S. through parole in order to protect law-abiding legal residents from further criminal activity.

Whether deported or released, all illegal immigrant felons are placed on parole caseloads after leaving prison. This allows corrections officials to better protect the public by monitoring these offenders and returning them to prison if they commit another crime. Considering that over 22 percent of the inmates deported in 1990 were back in a California prison by the end of April 1992, parole is indeed an important component of public safety.

In 1993-94, roughly 4,200 illegal immigrants will be paroled in California, costing taxpayers \$8.7 million. In 1994-95, the caseload is projected to rise to more than 4,500 for a cost of \$9.2 million.

#### Proposed Solutions

Governor Wilson is working to persuade Congress and the President to enact changes in federal laws needed to compel the federal government to incarcerate undocumented

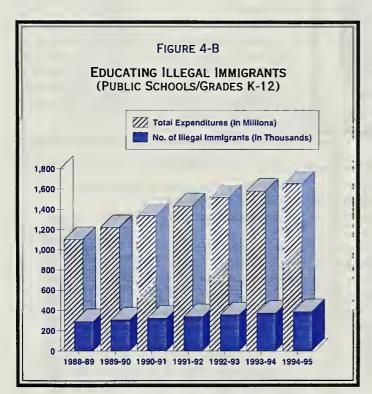
inmates in the federal prison system for the full sentence imposed on them for convictions under California law.

The Governor also supports provisions of the pending federal crime bill, adopted by the U.S. Senate, for regional prisons, provided that such prisons be used to incarcerate illegal felons now in state prisons. Using these regional prisons in this manner will create space in state prisons for the increased inmate population that will be generated by desperately needed sentencing reforms, such as the reduction of work time credit.

In the meantime, the Governor is taking steps to facilitate the deportation of undocumented felons upon completion of their sentence. In addition to expanding the use of state correctional facilities for in-prison deportation hearings by federal immigration judges, the administration has launched a pilot project with the INS to facilitate the identification and processing of undocumented inmates.

#### **EDUCATING ILLEGAL IMMIGRANTS**

California educates over 5 million children daily in its more than 7,000 public primary and secondary schools. However, the number of illegal immigrants in our public schools is severely impacting the ability of California's educators to teach the children who legally reside in our state.



Using the U.S. Census Bureau's latest unofficial estimates of illegal immigrants in California, the number of illegal immigrants ages 5 to 17 years old will be approximately 456,000 in January 1995, with 392,000 estimated to attend public schools. These children will be educated daily in the public schools at a cost of \$1.7 billion — a price tag that is simply too expensive to ignore. At a time when California needs to build one classroom every day just to accommodate enrollment growth in its public schools, the State cannot afford to pay the federal government's bill for the cost of educating children illegally residing in the United States.

Governor Wilson believes that the federal government must reimburse California \$1.7 billion for the cost of educating illegal immigrants residing in the State as a result of federal immigration policy.

Education represents a compelling incentive to enter the U.S. illegally. The Governor proposes federal reimbursement as an interim step until the federal government reviews its options to deal with the education magnet. The federal government could choose to fund education services for illegal immigrants currently enrolled in public

schools and repeal the benefit prospectively, or develop some other variation that deals with the current incentive which encourages illegal immigration.

Until the federal government ends the education magnet, the Governor is calling on Congress to craft a policy which allows states to obtain citizenship information upon enrollment. This would give the state the ability to provide the federal government with an accurate count of the number of illegal immigrants in California schools and the cost of educating them.

# FIGURE 4-C GENERAL FUND MEDI-CAL EXPENDITURES FOR ILLEGAL IMMIGRANTS (DOLLARS IN MILLIONS) \$400 200 88-89 89-90 90-91 91-92 92-93 93-94 94-95 Source: Department of Health Services' estimates

# HEALTH CARE SERVICES TO ILLEGAL IMMIGRANTS

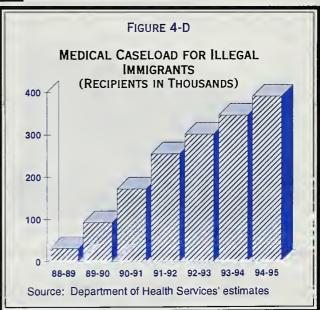
In 1986, Congress passed the Omnibus Budget Reconciliation Act (OBRA '86) which directed states to provide certain medical services to illegal immigrants. OBRA '86 requires California to provide emergency medical services, including labor and delivery services, through the Medi-Cal program to illegal immigrants costing taxpayers a total of \$811 million in 1993-94.

Since fiscal year 1988-89, state General Fund expenditures for OBRA services have risen from roughly \$22 million to \$400 million and caseload has increased from 31,600 to an estimated 390,000 in FY 1994-95.

In addition, 40 percent of all Medi-Cal births are to illegal immigrants. In 1992 (the most recent data), roughly 237,000 babies were born to Medi-Cal recipients, nearly 96,000 of whom were to illegal immigrants. That same year, taxpayers paid a total

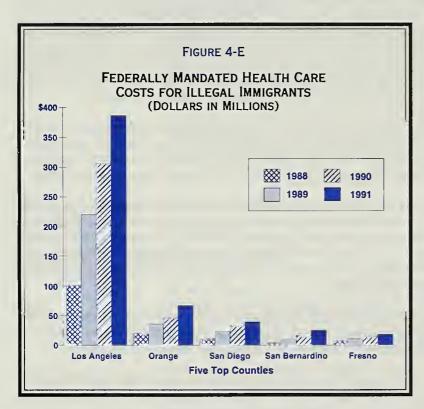
of \$230 million for labor and delivery services which made up one-third of the total OBRA Medi-Cal expenditures.

The Governor believes that under no circumstances should state and local governments be required to share in costs resulting from federal policy decisions that mandate health care entitlements to illegal immigrants.



#### Removing the Incentive

Governor Wilson has called on Congress and the President to eliminate the mandate on states to provide certain medical services to illegal immigrants through the Medi-Cal program. While illegal immigrants with emergent or public health care needs should be treated and doctors cannot be asked to violate their Hippocratic oath, it should be entirely the federal government's obligation to pay providers for the cost of such care. Therefore, the federal government should develop a direct billing mechanism to ensure that any medical services provided to undocumented immigrants be financed fully by the federal government. The provision of health care to illegal immigrants is a fundamental federal responsibility, and must be financed exclusively with federal dollars—not an unfunded mandate or a cost shift to state, local governments, or health care providers.



#### Prenatal Care

When the California Legislature passed legislation to conform with OBRA '86, prenatal services were added to the scope of benefits provided to illegal immigrants in the State. From fiscal year 1989-90 to 1993-94, the demand for prenatal care for illegal immigrants has driven state program expenditures from \$17.7 million to \$82 million respectively, a 360-percent increase in just four years. Notwithstanding persistent and vigorous efforts by Governor Wilson, the federal government has failed to provide federal financial support for such services.

California's open-ended entitlement to prenatal services for undocumented immigrants stands in sharp contrast to the capped appropriation for the Access for Infants and Mothers (AIM) program, created by Governor Wilson to provide prenatal and well-baby care to low-income, working California families who otherwise could not afford insurance.

Because demand for these services exceeds the capped amount of funds available for AIM, the program is scheduled to close enrollment effective February 1, 1994.

Governor Wilson does not believe that it is fair or logical to be providing services to illegal immigrants that legal residents of this state cannot access. Therefore, Governor Wilson is proposing urgency legislation to eliminate the state-only prenatal program for illegal immigrants as of February 1, 1994, and transfer portions of that funding to the AIM program. The additional funding will ensure continued access to prenatal and well-baby care for low-income, working California families.

#### CITIZENSHIP

Children born in the U.S. whose parents are illegal immigrants are U.S. citizens and are eligible for the full range of government services even though their parents are not. Although the number of "citizen children" on welfare has increased in the last several years, it is difficult to estimate the total number of citizen children born in California, since citizenship is not a part of the parental information required for a birth certificate. However, a Los Angeles County report estimated that in 1992 there were 250,000 citizen children of illegal immigrants living in that county alone.

The number of citizen children on the Aid to Families with Dependent Children (AFDC) program (children-only cases where the parent(s) is excluded from aid because of immigration status) has increased by nearly 400 percent in the past six years, from 40,800 recipients in FY 1987-88 to 193,800 in FY 1994-95. For 1994-95, the total AFDC cost of supporting these children is estimated at \$553 million, their education costs are estimated at \$400 million, and the cost of providing them full scope of health services is approximately \$167 million. While the cost of citizen children has not been included in Governor Wilson's request to the federal government, it is a further example of the impact of lack of federal enforcement of the U.S. borders on California's taxpayers.

Governor Wilson believes that it is time to fundamentally change the nation's immigration laws. The U.S. Constitution has been interpreted as granting citizenship to every child born in the U.S., even the children of illegal immigrant parents. Some illegal immigrants come to the United States to give birth so their child can gain American citizenship.

A 1993 University of California study reported that a full three-quarters of the women who crossed the California-Mexico border during one pregnancy indicated their intention to do so again during their next pregnancy. According to the report, "these women desired to obtain U.S. citizenship for their infants, which would provide substantial gains in the children's quality of life in terms of educational and employment opportunities, and a better standard of living."

While no one can argue with a parent's desire to improve their child's quality of life, immigration to the U.S. must occur in a legal fashion so the government can plan for the cost of the services needed to help the family assimilate into American society.

Governor Wilson has asked Congress to begin the processing of amending the Constitution so that citizenship belongs only to the children of legal residents of the United States. It is not equitable to provide citizenship to children born in the U.S. as the result of law-breaking behavior when there are people waiting patiently for the legal right to emigrate to this country. It is also inappropriate to reward such law-breaking behavior by providing those children with all of the rights and privileges that come with citizenship. And it is illogical to grant citizenship to children of illegal immigrants when the parents cannot legally work and, therefore, cannot provide for their children.

#### OTHER STATE & LOCAL COSTS

California's local governments are also paying a significant cost related to illegal immigration. This Administration is committed to work with local government representatives to document federally mandated costs for services provided to illegal immigrants at the local level.

#### Local Jails

The State Board of Corrections estimates that there are about 7,000 undocumented immigrants in California jails at an annual cost of more than \$117 million.

#### Indigent Health Care

By state law, county governments in California are responsible for meeting the health care needs of indigent adults. As a result, county governments are providing basic and emergency health care to those illegal immigrants who do not meet Medi-Cal eligibility standards. While there is no estimate of statewide local government cost of providing health care to illegal immigrants, there have been several studies on the impact of illegal immigration in certain California counties. A State Auditor General report on the impact of illegal immigration in San Diego County estimated that the county paid \$1.8 million in 1991 specifically for the treatment of illegal immigrants.

#### **EMPLOYER ENFORCEMENT ACTIVITIES**

No state agencies have enforcement authority for immigration laws, including the enforcement of employment provisions of IRCA. The responsibility for employer enforcement falls on the Immigration and Naturalization Service, a federal agency. The nation's immigration laws were amended in 1986 to make it "unlawful for a person or other entity to hire, or to recruit or refer for a fee, for employment in the United States as an immigrant knowing the immigrant is an unauthorized worker." Non-complying employers who knowingly hire unauthorized workers are subject to substantial civil and criminal penalties. It is critical that the federal government more aggressively fulfill its enforcement responsibilities in order to ensure all magnets attracting illegal immigrants —including jobs—are reversed.

Further, a significant problem in the enforcement of employee sanctions is the huge market of fraudulent identification cards. On the streets of Los Angeles, for example, any person with \$40 can easily purchase an authentic-looking immigrant resident card, Social Security card, or other state/federal identification card. This widespread abuse makes it difficult for the law-abiding employer to determine if they are in fact hiring an illegal immigrant. Governor Wilson has called on the federal government to improve their enforcement activities by the creation of a tamper-proof, legal resident eligibility card that would be required as proof of eligibility for all legal U.S. residents seeking benefits.

#### CONCLUSION

Governor Wilson, recognizing the historic benefits of immigration, strongly supports a strong U.S. program of legal immigration. However, if the federal government continues to ignore the massive flow of illegal immigrants into California and other states, it effectively undermines the integrity of the legal immigration process.

Leadership to provide comprehensive reform of the national immigration policy must be a top priority for Congress and the President in 1994. Thoughtful reform of the nation's immigration policies will result in increased public support for the nation's newest residents and the provision of essential government services at both the state and national level. National immigration reform will protect the quality of life for the nation's legal residents while providing equity that is lacking in today's failed immigration policies.



# REFORMING THE WELFARE SYSTEM

Governor Wilson came into office with the strong conviction that a government program such as welfare must emphasize the values of work, self-sufficiency and personal responsibility.

During the decade of the 1980s, California's Aid-to-Families with Dependent Children (AFDC) caseload grew by 39 percent - a rate that significantly exceeded the State's population growth of 23.1 percent for the same time period. In 1988, California's dependency rate -- the proportion of women of childbearing age who utilize AFDC -- exceeded the national average by 25 percent. Since that time, the average annual growth in the AFDC caseload accelerated, reaching 12 percent in 1990-91.

By 1991-92, over 2.2 million people in California, or roughly 7.3 percent of the population, received welfare benefits. With the second highest welfare grants in the continental United States, California accounted for 27 percent of all money spent nationwide on the AFDC program and 17 percent of the nation's AFDC caseload even though California had only 12 percent of the nation's total population.

Faced with skyrocketing welfare costs, strong disincentives to work and an unprecedented fiscal crisis, Governor Wilson has focused attention on the need to restructure welfare. The welfare reform proposals offered by this Administration have had three primary goals - to make work pay, reduce costs and to assist recipients in becoming self-sufficient.

The Administration's reform efforts have been based on the view that the State should provide assistance to people on a temporary basis. For those for whom aid has become a permanent safety net, the State should promote access to services that improve their employability. Able-bodied recipients have an obligation to rejoin the workforce as soon as possible and to take advantage of employment and training opportunities to develop the skills necessary to become self sufficient.



#### STRENGTHENING WORK INCENTIVES

Prior to 1991-92, the AFDC program actively discouraged needy families from seeking ways to increase their earned income. It did this in a number of ways. First, the financial value of cash benefits, food stamps, Medi-Cal and other entitlements available to AFDC recipients, compared to the benefits of working at minimum wage, made it difficult for many families to consider getting off aid. In addition, the AFDC program actively discouraged work by requiring that families' monthly grants be reduced whenever families reported earned income. As a result of these strong disincentives to work, only about 7 percent of all welfare recipients reported earned income from working in 1991-92.

In 1991, the Governor began advocating the view that AFDC recipients needed expanded opportunities to retain earned income. As a result of the administration proposals, automatic cost-of-living increases were suspended, and grant levels were reduced by 4.4 percent in 1991-92, 5.8 percent in 1992-93, and 2.7 percent in 1993-94. AFDC grants are now 12.9 percent below 1990-91 levels, and 23.9 percent below where they would have been under prior law.

At the same time, the so-called "need standard" -- the schedule that reflects the state's determination of the income that families of various sizes need to subsist -- has been allowed to increase to reflect the cost-of-living. The difference between the need standard and monthly grants is now 15.1 percent. The State has also lifted time limits on the so-called "income disregard" that allows recipients to retain portions of their earned income each month, and has eliminated rules that previously disqualified two-parent families from receiving aid if they worked more than 100 hours per month.

These reforms have significantly increased opportunities to retain earned income. In fact, initial results from a Merced County pilot project on elimination of the 100-hour work rule indicate that elimination of the rule has increased earned income among two-parent households by \$178 per month.

# PROVIDING SUPPORT TO FAMILIES

#### **Child Support**

An important corollary to welfare reform is the improvement of the child support enforcement system. Only 11.7 percent of families receiving AFDC have any child support paid on their behalf. The average monthly amount of current support, which offsets welfare costs, is only \$217.

In response to growing concern about the inadequate levels of child support payment, Governor Wilson initiated a major child support initiative, much of which was passed by the Legislature. This five-year plan, which began in 1992, is aimed at doubling child support collections by increasing parental responsibility, establishing paternity, improving the ability to track and locate parents, increasing incentives to counties to increase collections and streamlining the role of the courts.

#### Child Care

The expense of child care is a major obstacle for AFDC recipients who want to work. Additional resources were included to provide supplemental child care payments to remove this barrier so that the cost of child care does not keep parents from working. On average, a family receives over \$300 per month for this supplemental payment.

In addition, the Department of Social Services and the Department of Education are continuing to implement the claiming of additional federal funds for children AFDC recipients which will greatly increase the number of child care slots available.

#### Greater Avenues for Independence (GAIN)

Some recipients need employment and training services before they can enter the workforce. The focus of the GAIN program had initially been on long- term education needs of recipients. However, the success of the GAIN program in Riverside County illustrates that GAIN is much more successful as a welfare-to-work program if the program has a strong employment focus.

Changes in GAIN built upon the recognized potential of this program by increasing the amount of resources available for GAIN services and by re-focusing the emphasis of GAIN on employment-related services to help clients find jobs quickly and to limit GAIN services for individuals to "one time through" so that more people can be served. The increased funding and program efficiencies allow over 47,000 more AFDC recipients to be served.

#### Cal Learn

Research shows that single parents who graduate from high school have higher incomes and lower rates of welfare dependency. Cal Learn, which is a component of GAIN, is designed to encourage pregnant teens and teen parents to make the smart choice of staying in school and graduating.

Under this program, teens who earn an average of C or better will receive a \$100 bonus per report card period; teens who fail will be sanctioned by \$100. Teens who graduate from high school (or the equivalent) will earn a \$500 bonus. In addition, teen parents are provided case management, transportation and child care so that they can return to and stay in school.

#### Work Support

The welfare system often penalizes rather than supports families in their attempts to become self-sufficient. A variety of measures have been added to the AFDC program that will assist in overcoming these barriers. The resource limits for recipients was increased from \$1,000 to \$2,000 and the automobile equity limit was increased from \$1,500 to \$4,500. Recipients are allowed to have a restricted savings account of up to \$5,000 which can only be used toward a child's college education or training, a down payment on a home or for starting a business.

Working people who qualify for aid can now reject the cash grant and still be able to receive health care through Medi-Cal and child care assistance.

#### **COMBATTING FRAUD**

While it is critical to re-focus welfare toward work rather than dependency, it is also critical to ensure that only those persons who are truly needy receive aid. That is why efforts aimed at reducing welfare fraud have been a major element of Governor Wilson's welfare reform efforts.

Early fraud efforts have been expanded to ensure that people who commit fraud at the time of application for welfare or food stamps are discovered before the application process is completed. Efforts to detect unreported income and assets more quickly have also been expanded. And, the use of the process to disqualify people who have committed fraud from future aid has been expanded

#### CONTINUING WELFARE REFORM

The 1994-95 Governor's Budget continues the reform effort in welfare. This reflects the priority of modifying expenditures in the AFDC program to further promote personal responsibility and control unaffordable program growth. Additional information on the 1994-95 budget proposal can be found in the Health and Welfare section of the Governor's Budget Summary.

#### Grant Reduction

AFDC grant levels are proposed to be reduced by 10 percent effective July 1, 1994. The cash grant for a family of three would be reduced from \$607 per month to \$546. However, with additional food stamps, this would only be a 4.9 percent reduction. General Fund savings are estimated at \$281.7 million.

#### Transitional/Basic AFDC Grant

A two-tier grant structure would be established. A transition grant for 6 months would be available. Effective January 1, 1995, those families with an able-bodied adult continuing on aid beyond six months would shift to a basic grant which would be 15 percent below the transitional grant. With additional food stamps, this would be a net 6.5 percent reduction. General Fund savings are estimated at \$157 million.

#### Maximum Family Grant

Under this proposal, a family which has an additional child while on aid would receive no increase in the AFDC grant. This would result in General Fund savings of \$5.7 million. In addition, consistent with federal law, women who are pregnant and have no other dependent children would not receive AFDC benefits until the third trimester. The \$70 special need payment would also be eliminated. General Fund savings is estimated at \$20.9 million.

#### Time-Limited Aid

Approximately 60 percent of the AFDC caseload has been on aid longer than two years. It is estimated that 65 percent of cases include at least one able-bodied adult receiving aid. Under this proposal, the State would establish a two-year limitation on the receipt of aid by able-bodied adults. These adults would continue to be eligible for Medi-Cal and food stamps.

#### **GAIN**

An additional \$1.4 million in increased funding and increased efficiencies will allow GAIN to serve all non-exempt AFDC recipients before they have reached their two-year eligibility limitation.

#### Program Integrity

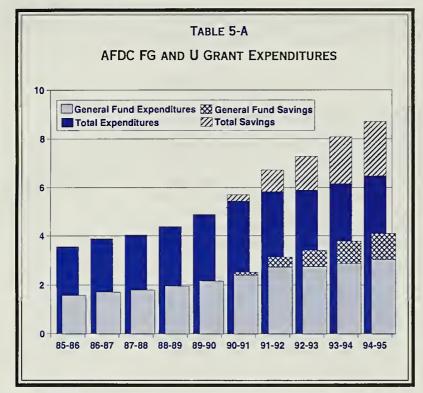
With limited resources, it is essential that fraud, waste and abuse are eliminated so that those who are truly needy receive aid. The Governor's Budget launches a comprehensive plan to do just that. These efforts will emphasize prevention, accountability, improved management and improving the tools and technology available to detect fraud.



#### **SUMMARY**

During his Administration, Governor Wilson has led the effort in reforming the welfare system. In the face of severe fiscal constraints, it has been necessary to craft a strategy for

reforming welfare that both reduces costs and increases the incentives for work and self sufficiency.



subsidy.

The reductions in State spending have been dramatic. The suspension of cost-of-living adjustments since 1990-91 plus other reductions and reforms in AFDC have resulted in General Fund savings of \$3.2 billion. The federal government has also realized savings of over \$3.3 billion, which along with county savings result in a total fund savings of \$6.7 billion. (See Figure 5-A.) Without these reductions, substantial reductions or the elimination of entire programs would have been necessary.

During the same time period, there has been a slowing of the growth rate in AFDC - the estimated increase in 1994-95, absent any policy changes is 4.5 percent. The number of AFDC recipients who report earned income has increased from 7 percent to 9.4 percent.

The success of welfare reform is critical to the challenge of preparing California to meet the demands of the 21st Century. It is essential that the citizens of California have the necessary skills to participate in the workplace and that the value of work replace the value of dependency on government



# CALIFORNIA'S PREVENTIVE SERVICES: A COMMITMENT TO CALIFORNIA'S FUTURE

The administration is committed to expanding services which will prevent social problems, thereby avoiding remedial action at a significantly higher cost to individuals and society.

#### Healthy Start

The cornerstone of Governor Wilson's preventive agenda, Healthy Start provides funding for school districts to arrange local coordination and integration of health and social services for children at the school site, in order to detect and treat problems early. By integrating services with the schools -- where children spend most of their waking hours -- government can help ensure that children are healthy in both body and mind, and are able to concentrate and learn. There are 210 schools now operating Healthy Start programs statewide and an additional 475 schools may have programs operating in the next two years. Currently funded at \$19 million annually, the Governor's Budget for 1994-95 requests an additional \$20 million to expand these services.

#### California Partnership for School-Linked Services

The Governor has directed a number of state departments to enter into a partnership with 15 private foundations to establish a comprehensive children's service delivery system in California. The most recent accomplishment of the partnership involved the creation of a special Medicaid provider category for schools. This will allow schools to receive federal matching funds for state-funded health services provided to California's children and atrisk youth.

#### Early Mental Health Initiative

The Early Mental Health Initiative provides matching grants to local education agencies to expand school-based early mental health intervention and prevention services for kindergarten through third-grade students. With early intervention, children can receive the help they need to achieve better grades, improve attendance, and increase self-esteem. Currently there are 596 schools operating early mental health programs serving 39,000 California children. The Governor's Budget for 1994-95 requests an additional \$10 million for this program, expanding services to an additional 33,000 students.

#### Children's System of Care

The Children's System of Care pilot project provides for the replication and expansion of the nationally recognized Ventura Model -- a program designed to develop a coordinated and comprehensive system of care for the delivery of mental health services to seriously emotionally disturbed children. The system of care services, which are designed to keep children at home, in school, and out of the juvenile system, have proven to be effective in California and other states.

Governor Wilson recently announced new grant awards that will fund seven new counties and serve 9,000 additional children and their families.

#### Perinatal Treatment Expansion Program

In 1993, one in nine babies (approximately 69,000) born were exposed to alcohol or other drugs.

The Perinatal Treatment Expansion Program includes alcohol and drug residential treatment, intensive day treatment, out-patient drug-free treatment, and methadone maintenance treatment for pregnant and parenting women. In 1990, there were only 24 programs statewide treating 858 drug or alcohol-addicted women. Today, over 200 programs have been developed statewide serving over 8,000 women annually. This expansion was funded with \$23 million in new state and federal funding to counties, together with \$15 million in federal block grant funds earmarked for perinatal programs. The Governor's Budget for 1994-95 proposes an additional \$5 million for this program, to target increased emphasis on outreach and education to reduce the incidence of drug or alcohol use during pregnancy.

#### Prenatal Substance Abuse Education

The human and financial cost of prenatal substance exposure is immense. A key component of Governor's Wilson prevention agenda includes the prevention of drug abuse through education, especially in pregnant and parenting women.

The Prenatal Substance Abuse Education program is a state-mandated drug education curriculum for junior high and high school students. It is supported with \$4 million first proposed in 1991.

#### Access for Infants and Mothers (AIM)

In 1991, the Governor proposed a new program to provide access to prenatal and well-baby care to uninsured low-income women. The AIM program is a public/private partnership, funded by the Cigarette and Tobacco Products Surtax (Proposition 99), that subsidizes private insurance for prenatal, well-baby and maternity services. To be eligible for AIM, a pregnant woman must have a family income between 200% and 250% of the federal poverty level. As of October 1993, AIM has covered 13,600 women and 8,500 babies. Because the demand for AIM exceeds the capped amount of funds available for these services, the program is scheduled to close enrollment effective February 1, 1994.

In order to continue AIM enrollments, the Governor is proposing urgency legislation to eliminate funding for the State-only prenatal program for illegal immigrants (as of 2-1-94) and transfer portions of those funding to the AIM program.

The Governor's Budget for 1994-95 proposes additional funding of \$12.5 million to General Fund to support enrollment of 750 new pregnant women per month in the AIM program in the current year and \$38.5 million for 1994-95 (above the base funding of \$57.6 million from the Cigarette and Tobacco Products Surtax Fund).

#### **Immunization**

Complete and timely vaccination of children is the foundation of protecting them from communicable disease. Yet in 1991, the Centers for Disease Control estimated that only 37 percent to 56 percent of all two-year-olds were fully vaccinated. Recent federal legislation which reduces the cost of vaccines to health care providers will allow California to redirect \$20 million in funding to provide for improved access to immunization services for low-income children.

#### Education Now and Babies Later

The human and financial cost of teen pregnancy is staggering. In 1991, nearly 72,000 infants were born to teen mothers. The Education Now And Babies Later (ENABL) program has significant success.

The program's objective is helping 12 to 14 year-olds to recognize the pressures on them to become sexually active, and then to learn and practice assertive skills to resist those pressures. At its current funding level, the ENABL campaign has been able to reach only ten percent of California's boys and girls between the ages of 12 to 14.

The Governor's Budget provides an additional \$10 million for expansion of this campaign, allowing ENABL to reach an additional 200,000 boys and girls.

#### **Tuberculosis**

Tuberculosis is reemerging as a serious public health threat. Last year's 5,382 cases in California represents a 54-percent increase in the number of cases since 1985. This problem is seriously compounded by the emergence of multidrug-resistant strains of TB, and an alarming increase in the cases involving children under the age of five.

The Governor's Budget for 1994-95 proposes \$11.7 million for implementation of the Strategic Plan for the Control and Elimination of Tuberculosis in California. This will be accomplished through expansion of Medi-Cal benefits to cover Directly Observed Therapy, improved identification and reporting, augmented case management services, improved case contract investigation, and education.



# REINVENTING STATE GOVERNMENT OPERATIONS

Given California's present fiscal circumstances, reinventing government is not a fad; it is a necessity.

Reinventing government means putting California's customers first. It means unending dedication to product quality. It means providing California taxpayers with the best value possible for their hard-earned tax dollars.

Reinventing government is a continuing obligation. It does not begin with the Governor's Budget or with the introduction of legislation; it does not end when the Governor signs the budget or when the Legislature adjourns.

Reinventing government is a process of searching for, finding, and implementing continual improvements in the provision of service to customers. It is a process that requires the full attention of elected officials, executives, managers, supervisors, rank-and-file workers, customers, and suppliers.

Despite the extreme fiscal circumstances facing California since 1990, the State has been a pioneer in bringing excellence to state government. This section is designed to highlight the successes achieved by dedicated state workers leading the reinventing government movement, and to point the way for further achievements.

#### REFORMING STATE PERSONNEL PRACTICES

Compensation based on merit is one of the cornerstones of the civil service system. It is based on the common sense notion that employees should be rewarded for the quality of their work.

#### Pay-for-Performance

California's current system of compensating employees, provides for across-the-board cost-of-living adjustments for all employees, regardless of merit or performance. Although the State has a process for awarding merit raises above and beyond those provided for the cost-of-living, too often these merit raises are provided automatically.

In December 1993, Governor Wilson implemented a pay-for-performance program for state managerial employees for the 1994 calendar year. Future increases also will be based on performance. The pay-for-performance concept will be extended to supervisors effective January 1, 1995. The Department of Personnel Administration will meet and confer with supervisory employee organizations regarding the implementation of this program. The administration is recommending performance-based pay for all employees in future collective bargaining agreements.

#### Changing the Structure of Management

As decision-making authority moves to the front lines of organizations and technology provides instant access to the information needed to respond to customers, organizational structures become "flatter." Transforming an organization in this way often means defining the role of and reassessing the need for managers and supervisors.

Private businesses, such as AT&T, Xerox, and Kodak, have substantially restructured middle-level management as part of broader strategies to improve their production processes and the delivery of goods and services. The State also must carefully reassess the role of its managers and supervisors as part of the state's strategy to produce more responsive, efficient organizations.

The Governor's Budget proposes to reduce the number of managers and supervisors in state government by 10 percent over the next 18 months. To accomplish this task, each department will be directed to develop plans illustrating how this goal would be achieved and to submit those plans to the Department of Finance. The Department of Personnel Administration will provide whatever technical assistance the departments require. This action will improve the delivery of services to customers and save taxpayers approximately \$150 million.

#### Streamlining the Civil Service Personnel System

If state government is going to continue to provide necessary services to its citizens while revenues to fund state programs are declining, it must streamline its civil service personnel system. The system of staffing state government must be cost-effective and add value to the process of acquiring and retaining highly qualified workers as well as being based on merit principles. Detailed rules and processes that add costs and time to the selection process without contributing to the overriding objectives of an outstanding workforce selected on the basis of merit must be eliminated.

The need for civil service reform has received national recognition. For example, the National Commission on the State and Local Public Service in its 1993 report, *Hard Truths/Tough Choices*, recommends major changes in state and local government civil service systems to foster a high performance work force. Fortunately, the State of California has long been a leader in shaping its civil service system to effectively serve program needs. That report acknowledges that the State of California has already implemented such reforms as decentralized testing, more flexible rules for identifying qualified applicants, and development of a diverse work force to serve the state's diverse population.

Nevertheless, there needs to be continued improvement in the methods of staffing state programs if government is to provide essential services to the public in an efficient and effective manner. The State Personnel Board is proposing the following improvements to the civil service system:

The Board's current statutory demonstration project authority allows state departments to implement new, innovative selection techniques that will more effectively support their programs. The Board has proposed to reduce the amount of formalized testing and ranking of candidates and employees, reduce the number of state classifications, avoid the need to test hundreds or thousands of applicants for small numbers of vacancies, and ease the transition of successful seasonal and student workers into regular civil service positions. These proposals help departments get their jobs done while complying with basic merit principles. Proposals that affect employees in represented classifications will require the State to work closely with employee representatives.

The State should revise laws governing civil service appointments so that managers have a wider choice from among qualified workers. The law has already been revised to permit using the top three ranks of eligible lists for hiring from outside state service and promotion to professional, technical, and managerial jobs. For some promotional classes, representing about one-third of the state's testing, managers are still restricted to choosing from the top three names on the eligible list. This proposed change to permit this usage of three ranks for all classes would broaden the choices given managers so they can do a better job of matching skills to particular job vacancies and increase the diversity of the state work force.

#### Entrepreneurial Government

The State should modify laws which govern contracting out state work, when it can be shown that functions can be performed at less cost by private firms. The State should also reduce the red tape associated with the review and approval of contracts. Government is obligated to provide its citizens the best possible services at the least cost.

The State also needs to take advantage of other opportunities to improve product quality through entrepreneurial efforts. The administration believes that a number of governmental functions could be conducted by private firms in a way that improves customer service and reduces costs. Some of these areas may include printing, building maintenance, landscaping, operation of databases, processing of workers' compensation claims for injured state workers, and provision of medical services in state institutions.

#### REORGANIZING STATE DEPARTMENTS

Downsizing executive branch operations requires more than simply reducing funding, setting priorities, and improving operational flexibility. The historical growth of state government has resulted in the development of certain organizational structures that unnecessarily fragment governmental responsibilities among different departments, or which no longer provide high-priority services to California residents.

Accordingly, the administration is proposing the following changes in organizational structure in the executive branch. The goal of these changes is to consolidate functions, reduce costs, and improve service. Some of these changes are reflected in the Governor's Budget; others will require subsequent action.

#### Commission for Economic Development

In 1992, the Legislature consolidated the World Trade Commission, the Overseas Trade Offices, and the Department of Commerce into a cabinet-level Trade and Commerce Agency. The Commission for Economic Development duplicates the functions of the Trade and Commerce Agency and is no longer necessary. The Governor's Budget, therefore, proposes that the commission be eliminated.

#### State Treasurer's Office

Over the past twenty years, the Legislature has created a large number of revenue bond financing authorities and special advisory bodies associated with the State Treasurer's Office. Some of these have important ongoing responsibilities; in other cases the need for the entity has long since ended. For example, no projects have ever been brought before the California Passenger Rail Financing Commission since its inception in 1982. No bond sales have ever been authorized by the Hazardous Substance Cleanup Financing Authority.

The Governor's Budget, therefore, proposes the following organizational changes, which will save taxpayers approximately \$2.3 million annually.

- Elimination of the following revenue bond authorities, programs and commissions, whose functions are no longer needed:
  - 1. Local Agency Indebtedness Fund Loan Program
  - 2. California Passenger Rail Financing Commission
  - 3. California Student Loan Authority
  - 4. Hazardous Substance Cleanup Financing Authority
  - 5. Housing Bond Credit Committee
- Elimination of the following revenue bond authorities, whose functions would be transferred to a new California Revenue Bond Financing Authority:
  - 1. California Industrial Development Financing Advisory Commission
  - 2. California Alternative Energy Source Financing Authority
  - 3. California Pollution Control Financing Authority
  - 4. California Health Facilities Financing Authority
  - 5. California Urban Waterfront Area Restoration Financing Authority
  - 6. California School Finance Authority
  - 7. California Educational Facilities Authority
  - 8. California Debt Limit Allocation Committee
- Elimination of the California Tax Credit Allocation Committee, whose functions would be transferred to the California Housing Finance Agency.
- Elimination of the California Debt Advisory Commission, whose primary functions would be transferred to the State Treasurer's Office.

#### Revenue Department

The administration will continue to work cooperatively with the Legislature, the Franchise Tax Board, and the Board of Equalization to work toward the creation of a single Revenue Department to provide efficient consolidated administration of the state's tax laws.

#### Museum of Science and Industry

The Museum of Science and Industry is an important resource to the Los Angeles community. The administration intends to enter into discussions with the County of Los Angeles regarding transferring ownership and operation of the Museum from the State to the County.

#### **Energy Commission**

In keeping with two decades of national leadership in innovative energy policy, the Governor recently proposed a reorganization of state energy functions that includes a consolidation of programs at the California Energy Commission with related programs in other state agencies. This proposal is designed to reduce the size of government and conform regulatory practices to the market realities of the 1990s.

#### State Lands Commission

The Governor's Budget is proposing to transfer the commission's land and mineral management as well as its public trust responsibilities to a new Department of Energy and Conservation. Its oil spill prevention and response responsibilities would be transferred to the Department of Fish and Game.

#### Department of Conservation

In addition to absorbing functions from the eliminated Energy Commission and State Lands Commission, the new Department of Energy and Conservation will assume the oil, gas and geothermal programs and the mining and geology activities of the Department of Conservation, which is proposed for elimination as well. At the same time, the Beverage Container Recycling Program currently administered by the Department of Conservation will be transferred to a new Department of Waste Management within the Environmental Protection Agency.

#### Integrated Waste Management Board

The Governor's Budget proposes the elimination of the Integrated Waste Management Board and the transfer of its functions to a new Department of Waste Management within the Environmental Protection Agency. In addition to absorbing the functions of the Integrated Waste Board, the new department will administer the Beverage Container Recycling Program currently housed within Resources Agency's Department of Conservation.

#### Changes Related to the State-County Restructuring Proposal

As a component of the proposed restructuring of the state-county relationship, the administration will be examining the structure and functions of a number of state departments. Adjustments will be made to refocus the state's primary efforts toward strategic planning, developing outcome measures, and other duties to facilitate local accountability and program performance. Existing functions involving oversight of counties' day-to-day operations will be significantly reduced or eliminated.

#### THE PERFORMANCE BUDGETING PILOT PROJECT

In 1993, the Governor proposed pilot projects to implement performance budgeting systems in four state department. The Legislature responded to the Governor's initiative by enacting the Performance and Results Act of 1993, which authorized continuing efforts to implement such systems. California's efforts are similar to those being made at the local level, in other states, and by the federal government.

The central objective of performance budgeting is to change organizational behavior by rewarding measurable results that are tied directly to the organization's strategic mission. Performance budgeting systems differ significantly from traditional workload budgeting systems. Figure 7-A compares traditional workload budgeting systems with performance budgeting systems.

# FIGURE 7-1 COMPARISON OF BUDGETING SYSTEMS

#### Workload Budgeting

Primary focus is on inputs: how much funding is the program entitled to receive? Answer: same as last year, adjusted for workload, cost-of-living.

Program improvements require new funding.

Innovation is punished.

No productivity improvements are expected.

No strategic planning.

No measurement of performance. Funding not based on results.

#### **Performance Budgeting**

Primary focus is on results: what is the best value the program can deliver for the funding available?

Program improvements are a continuing function.

Innovation is rewarded.

Productivity improvements are budgeted.

Strategic planning is central.

Performance measurement is the sole basis of accountability.

The concept of the workload budget is deeply ingrained in the budgeting process in both the legislative and executive branches of government. While this process worked well during times of increasing state resources, it has become seriously dysfunctional in recent years as revenues have declined. The process of developing a workload budget has created unrealistic expectations among departmental managers and employees, legislators, and program recipients that the current level of funding is an entitlement that can be continued without regard to the availability of revenues. The workload budget requires additional funding for service improvements and provides insufficient organizational incentives for innovation and cost savings.

Under performance budgeting, strategic planning is central to the budgeting process. The department's strategic planning efforts result in the development of measurable organizational performance objectives. These are formally incorporated into the department's management information systems and decision-making procedures, at all levels in the organization. Public accountability for organizational performance is secured through the use of a budget contract, in which the department promises to deliver specified programmatic results in exchange for funding made available by the Legislature. Such contracts may include gainsharing provisions, in which departments are allowed to reinvest savings in program improvements. Figure 7-B summarizes the basic components of performance budgeting.

Figure 7-B	
BASIC COMPONENTS OF PERFORMANCE BUDGETING	
Component	Primary Activities
Strategic Planning	Developing statements of organizational mission, vision, and norms Conducting stakeholder analysis Developing statements of operational goals
Performance Measures	Outcomes measures Output measures Production benchmarks
Management Information Systems	Analyze and design work process Assess user needs Design information system
Performance Budget Contract	Legislative involvement Resource allocation Performance outcomes Gain sharing provisions Oversight and accountability
Management Flexibility	Personnel practices Statutory restrictions Oversight by control agencies

The administration began implementing performance budgeting in four departments in 1992-93. These are the Department of Parks and Recreation, Department of Consumer Affairs, the Department of General Services, and the Teale Data Center. The progress of these departments is summarized below.

#### Department of Parks and Recreation

The Department is currently building the strategic planing process which will lay the foundation for developing measurable performance objectives. In addition, the divisions and districts within the department will begin development of the tactics to implement the plan. Performance measurements from this process are anticipated to be in place for use in the 1994-95 fiscal year. To assist in providing a successful outcome, Empowerment and Management training, initiated department-wide in the Spring of 1992, will be completed in 1994.

#### Department of Consumer Affairs

During 1993, the Department of Consumer Affairs (DCA) made substantial progress in preparing for performance budgeting. The department completed its Strategic Business Plan and its Preliminary Performance Measures in June 1993, and its Strategic Information Systems Plan in December 1993. It also has entered into a memorandum of understanding with the Department of Finance which defines the scope and objectives of the project and which provides DCA with relief from certain budgetary requirements.

The department is developing the performance measures that will enable it to evaluate consumer satisfaction and is working to phase the boards into performance budgeting.

The department will complete its first revised Strategic Business Plan by January 1994, and by early Spring 1994, will complete its performance measures and a management information collection system. The department anticipates entering into budget contract negotiations with the Legislature in fiscal year 1994-95.

#### Department of General Services

Beginning in June of 1993, the Department of General Services undertook a major planning effort as the initial step in performance budgeting. Each of the department's operating units or offices are developing more detailed plans to implement the department-wide plan. This Strategic Plan will serve as the basis for developing performance measures to be used to build the department's first performance-based budget.

#### Teale Data Center

Teale has initiated an 18-month effort to develop a data center-wide strategic plan in support of performance based budgeting. The strategic plan focuses on making powerful information processing technologies available to its clients at the lowest possible per unit cost. The plan continues to be refined and measures of performance are being developed to ensure that Teale's participation as a pilot department will be successful.

#### Further Expansion for the 1994-95 Fiscal Year

For the 1994-95 fiscal year, the administration will begin implementing performance budget pilot projects in two additional organizations: the Department of Toxic Substance Control and the California Conservation Corps.

#### Governor's Quality Partnership

In June 1993, the Governor signed an Executive Order which encourages state departments, boards, and commissions to adopt quality management philosophies and practices. The Executive Order also mandates the establishment of a Governor's Quality Task Force and pioneer (pilot) projects from volunteer departments.

"Quality" means giving the greatest emphasis to customer services and redesigning work systems to make them more responsive to customer needs. Most practitioners have found that the best ideas for improving work systems come from the employees themselves, so quality efforts empower line personnel, giving them more discretion over how they do their jobs if they increase customer satisfaction. Quality also eschews fads; organizations must commit to continuous improvement, changing their culture and systems to encourage constant innovation.

The first Pioneer Project Applications were issued in August 1993. Pioneer projects are small teams formed within or across departments to analyze and make measurable improvements to work processes important to the department's core business. The pioneer projects selected were those judged to have a good chance of achieving results - reducing backlogs or response times, cutting errors and rework needs, or improving customer satisfaction -- within nine to twelve months. Departments who submitted applications were assured pro bono training and mentoring, courtesy of corporate volunteers representing over 40 organizations.

Pioneer Projects were also permitted to request modifications of existing regulations within legal limits, from the Departments of Finance, Personnel Administration, and General Services, to obtain flexibility necessary to accomplish innovations contemplated under the pioneer project. Pioneer projects have been directed to avoid any infringement on the provisions in current collective bargaining contracts.

In November and December 1993, the Governor's quality staff and volunteers selected 24 pioneer projects out of over 40 applicants. The pioneers represent a wide variety of departments, boards, and commissions. Each has been matched with a mentor and will report results to the Quality Task Force in Fall, 1994.

The pioneer project departments currently include the following organizations:

- · Agricultural Labor Relations Board
- Department of Transportation
- Department of Corporations
- . Department of Toxics Substance Control
- . Department of Rehabilitation
- . Employment Development Department
- . Governor's Office of Planning and Research
- . California Environmental Protection Agency
- Department of Motor Vehicles
- . Department of Economic Opportunity
- ❖ Department of Personnel Administration
- . Department of Parks and Recreation
- . Department of Mental Health
- Department of Aging
- . Student Aid Commission

#### THE INFORMATION-BASED GOVERNMENT

As State agencies respond to the social, economic, technological, and political challenges of the final decade of the Twentieth Century, information technology is assuming a new role — that of enabler of change. Advanced technologies, both computers and telecommunications, are at the heart of the restructuring of government in California.

Restructuring government is often a process of breaking down barriers: barriers of time and distance that separate government services from the people to be served; institutional barriers that prevent the coordinated delivery of public services by isolating State organizations from each other and from the public; business process barriers that tie agency operations to outmoded, inefficient practices; and knowledge barriers that bottle up essential information in inaccessible paper files and electronic databases.

These and other barriers are being removed through the thoughtful adoption of information technologies, coupled with a willingness on the part of State executives to make fundamental changes in program operations and management practices.

Among the innovative multi-agency initiatives that are making government work better are programs to link information strategies to agency business strategies; to create one-stop, non-stop public access to State services; and to build close electronic ties to California's business community. In addition, State agencies are joining together and working individually to set new standards of cost-effective performance through new information technology initiatives.

#### Redefining Missions and Goals

A major lesson of the past decade in both the public and the private sectors is that if significant productivity gains are to be realized, technological innovation must be matched with managerial and organizational innovation. Simply automating long-established processes is not enough. Instead, newly adopted technologies must support the accomplishment of the organization's overall business strategy and must become part of a coherent information technology infrastructure that will pay increasing returns as the business strategy unfolds. The State of California is at the forefront of government in creating such a strategic management capability.

The State's recently published Strategic Direction for Information Technology in California State Government: 1993–1999 provides a challenging state-level vision for the management and use of information technology throughout the remainder of the 1990s. Strategic Direction: 1993–1999 articulates three essential strategies for the accomplishment of this state-level vision. Each of these strategies is designed to strengthen the link between technical innovation and organizational productivity.

- The first strategy, strategic management of information technology, calls for establishment of an ongoing strategic management process within each agency and at the state level. A systematic approach to strategic management will help ensure that plans for and uses of information technology are designed to achieve the State's business strategies.
- The second strategy, infrastructure-based technical management, looks toward creation of information technology infrastructures with the capacity and flexibility to satisfy new information requirements that emerge during the 1990s.

And the third strategy, competitive attitude toward the management of information technology, encourages an environment that enables State information managers to seek and implement innovative solutions to agency information needs, is free of unnecessary barriers, and rewards competitive successes.

In this period of profound transition in our society, the ability of individual agencies to use information to improve productivity and enhance the delivery of public services depends on the kinds of strategies outlined in this state-level vision.

Among the agencies that are providing leadership in the development of strategic management are the Employment Development Department, the Board of Equalization, the Franchise Tax Board, the California Highway Patrol, the Department of Motor Vehicles, the Department of Parks and Recreation, the Department of Corrections, the Department of Water Resources, the Department of the Youth Authority and the Department of Alcohol and Drug Programs.

Strategic management is at the heart of many Administration initiatives, such as its performance-based budgeting pilot program. Accordingly, the Department of Finance is strongly encouraging agencies to make strategic planning an integral aspect of their management practices to provide the highest quality of public service during this time of unprecedented change.

#### INFO/California -- Convenient Service to the Citizen

One hidden cost of government is the cost to individual citizens of complying with government requirements and obtaining government services. Each time a person must set aside time during his or her regular working hours to visit a government office, there is an economic loss to our society. Each time that office visit is prolonged because of long waiting lines or misunderstandings about agency programs, the loss is compounded.

Improving the delivery of public services is a top priority of this Administration and a particularly appropriate goal for information technology. In fact, California has become the national leader in the transformation of public service delivery through its awardwinning INFO/California program.

INFO/California is a public information and transaction network of touch-screen kiosks operated by the Health and Welfare Agency Data Center. These multi-lingual kiosks, which are similar to the Automated Teller Machines employed by banks, can read credit cards, debit cards, and the new California magnetic strip driver's license for the purposes of accepting payment and verifying personal identity.

As an alternative to traveling to government offices, individuals now have the option of completing their government business through a kiosk located in a convenient site, such as a grocery store or shopping mall. California residents can apply and pay for certified birth certificates, search for local job opportunities in the Employment Development Department database, and renew their State vehicle registrations via INFO/California. Nearly forty State, local and federal agencies have expressed interest in placing applications on INFO/California.

INFO/California has been singled out by the 1993 Ford Foundation Awards for Innovations in State and Local Government. The program was selected from more than 1,600 entries for a \$100,000 award as one of the ten best examples of successful innovation in government.

CIO Magazine, in their special issue on "who's tops at giving customers great service," recognized the State of California for making government accessible and responsive and for restoring truth to the term "public servant."

The idea underlying INFO/California is but the first step in plans being developed to carry public information and services directly to offices and homes via fiber optic cable. Thus, the ideal of "one stop, non-stop" public service is being realized in California State government.

#### Doing Business With California Business Electronically

California is breaking down barriers between State agencies and the private sector firms that do business with them. In doing so, the State is reducing public and private sector costs and helping ensure that acquired goods and services provide the best possible value to the people of California. The primary tool for this transformation in the business of government is called Electronic Commerce.

Electronic Commerce involves the establishment of electronic linkages based on mutually acceptable standards for the sharing of transaction data between trading partners. Messages carried over these linkages replace paper documents, minimize delays, reduce processing costs, and generate management information. The linkages also promote closer ties between pairs of trading partners to the benefit of both.

The State has initiated a program to expedite the implementation of Electronic Commerce by government agencies. The initial focus, in three pilot projects, is on the government procurement process:

- One project explores electronic approaches to bid solicitation.
- \* The second establishes electronic connection to a supplier of the State.
- The third speeds electronic invoicing between a single supplier and a single State agency over a private network.

The pilot projects will provide a realistic introduction to the benefits of Electronic Commerce in State government and will establish closer, more productive ties with California's business community.

#### Agency Initiatives to Improve Efficiency and Streamline Operations

California State agencies are implementing applications of technology that make fundamental improvements in their business practices, that are essential to the attainment of their strategic goals, and that enhance the relationships between agencies and their clients and suppliers.

The Administration continues to invest in modernizing and reengineering government operations. During the past three years, the Office of Information Technology and the Department of Finance has approved new and continuing information technology projects whose life-cycle cost exceed \$1.7 billion and whose direct benefits, beyond better service and higher quality, are more than \$2.0 billion. This year alone, the Governor's Budget proposes more than \$60 million in new and redirected funding for high-priority automation and communications projects.

State agencies are increasingly alert to applications of information technology that meet the common needs of multiple agencies.

A premier example of the coordination occurring among State agencies is a joint program of the Board of Equalization, the Franchise Tax Board, and the Employment Development Department. Through newly established electronic funds transfer capabilities, these three agencies are working together to collect an increasing variety of the State's taxes electronically. The State benefits from an increased availability of funds, improved monitoring of delinquent accounts, a reduction in paper flow, and reduced data entry error rates. Taxpayers benefit from a standardized, streamlined tax collection process through which they make a single payment to the State.

Other multi-agency initiatives include:

- \* Coordinating Geographic Information Systems. The Resources Agency has initiated the California Environmental Resources Evaluation System (CERES) a statewide environmental resource inventory and information system for natural resource management, land use and economic planning, and other decision-making purposes. This information management capability will assist local governments, property owners, the private sector, and the State in planning growth and conserving California's natural resources. CERES also provides a vehicle for coordinating Geographic Information System applications in the resource departments, and will produce a library of properly scaled maps showing the location of most of the State's plant and animal species, mineral resources, and water supply. Government agencies will use this information to plan developments and road construction so as to minimize their impact on wildlife and other natural resources.
- \* Network 2000. This consolidated telecommunications message switching system will provide state-of-the-art communications services to the Department of Motor Vehicles, as well as other agencies within the Business, Transportation, and Housing Agency. Capable of transporting new data types, including graphics, images, video, and sound, this first step toward an information "superhighway" will support more than 30,000 workstations in DMV field offices, law enforcement agencies, the courts, and private industry with access to DMV's mammoth databases. Eventually, the network will allow instantaneous updates of vehicle registration and driver's license information.
- \* Integration of California's Tax Information Systems. Representing a strategic partnership of the Board of Equalization, the Franchise Tax Board, the Employment Development Department and California's business community and taxpayers, this effort will provide a new level of functional integration and commonalty among the State's many separate and unique tax systems. The State's employers and taxpayers stand to benefit significantly from elimination of redundant reporting, increased and simplified access to information, and more convenient methods of transmitting information.

Numerous individual agency applications of information technology are also playing a major role in transforming the way the State conducts business in its rapidly changing environment. Each of these applications effectively improves the delivery of service to the agency's customer, whether that customer be the people of California, local government, or private sector organizations striving to survive in today's challenging business climate.

Examples of these applications include:

Computer-Aided Design and Drafting. Designing a State highway is very labor intensive, involving dozens of engineers and draftsmen located across the State. Draft versions of the highway's architecture are reviewed and modified by several engineers and draftsmen in district offices, other engineers in the Department of Transporta-

months to a highway construction project. To reduce delays associated with "sharing" the work, Caltrans has been using Computer Aided Design and Drafting (CADD) in the planning, construction, and maintenance of more than 15,000 miles of highways and freeways. CADD allows computations and graphics to be interactively combined and electronically routed to the entire team, thereby permitting a continuous flow in the highway design process. Facilitated design leads to faster, better, and more economical highway projects and better roadways throughout California.

- \* Public Access to Databases. By providing auto clubs and rental car agencies throughout the State with on-line access to its field office vehicle registration system, the Department of Motor Vehicles has given these groups the capability to register their or their clients' vehicles without delay. Automating vehicle registration for these organizations not only decreases the Department's workload, reducing the number of employees required to fully staff a DMV field office, but has made DMV services more convenient to the public and has made doing business in California much easier for rental car agencies. Instead of waiting upwards of two weeks to get a new car on the road, rental agencies can get their customers on their way in that new car the same day it arrives on the lot.
- \* Computer-Assisted Dispatching. The California Highway Patrol is using computerassisted dispatching to respond rapidly to highway emergencies. Using computergenerated maps that display major roads, the location of in-service Highway Patrol vehicles, and the incidents to which CHP officers currently are responding, dispatchers are speeding the CHP responses to emergencies by automatically determining the location of the nearest available officer, verifying the location of incoming calls, and referencing information regarding towing availability, emergency services, and road conditions. In an era of rapidly growing population, when call-boxes are supposed to make freeway travel less harrowing, this capability is reducing officer response times and enhancing public safety.
- \* Law Enforcement Telecommunications System. Every law enforcement and criminal justice agency throughout the State depends upon the Department of Justice California Law Enforcement Telecommunications System (CLETS). The primary vehicle for querying a variety of criminal justice databases and communicating with the FBI's National Crime Information Center, CLETS now processes an average of 1.2 million messages each weekday. Through CLETS, police officers can perform criminal history record checks within seconds, even from their patrol cars. The Department of Justice is consolidating existing communications networks to allow for the transmission of photos, fingerprints, and graphic images. In the near future, officers will be able to take a suspect's fingerprint electronically with a portable device and, in seconds, match them against fingerprints stored in the central database.
- \* Statewide Automated Child Support Enforcement. Enforcement of court-ordered child support has been difficult because statewide data do not exist and there has been no effective way to find persons by tracing names or Social Security numbers. In keeping with its role as administrator of the State's Child Support Enforcement Program, the Department of Social Services is implementing a Statewide Automated Child Support System. The system will operate virtually throughout the State, providing a statewide central registry. Standardizing statewide operations at the county level will help insure that children receive the support payments they need to lead healthy, more productive lives.
- \* Statewide Integrated Narcotics System. In June 1990, a Fullerton police detective was killed during an undercover narcotics buy, abruptly terminating a two-week

investigation of a major cocaine trafficking organization in Los Angeles. Even after two weeks of investigation, the officers involved in the undercover operation were unaware of the violence potential of the suspects. This incident points out a major weakness in law enforcement's war on drugs -- crucial information is scattered among the paper files of many different enforcement agencies in multiple jurisdictions.

This will soon change, however. Through its Statewide Integrated Narcotics System, the Department of Justice is meeting the information needs of its narcotics intelligence, narcotics enforcement, and drug analysis functions, as well as those of law enforcement agencies throughout the State. The system supports statewide communications, intelligence and case management, photograph imaging, geographic mapping and graphical information, and drug analysis all rolled into one. These systems employ the latest technology in fighting crime to visually identify in-progress operations, and to provide rapid access to central data bases on drug offender profiles and criminal associations -- even from mobile vehicles at remote locations. Lauded as the "newest weapon in the war against drugs," the system will improve officer safety, enhance interagency communication and cooperation, and assist in prosecution of drug cases through improved case management and preparation of advanced analytical techniques.

- \* Correctional Management Information System With more than 117,000 inmates in its 28 institutions and more than 85,000 parolees reporting to 125 parole offices located throughout the State, the California Department of Corrections needs to create more effective ways of managing the massive amounts of distributed information associated with the control, care, and treatment of offenders. The Correctional Management Information System, an integrated computing architecture, is providing institution staff with on-line access to prisoner cell assignments, gang affiliations, work assignments, medical appointments, parole hearings and other information they need to effectively and safely monitor and manage the activities and movement of inmates. When fully implemented, this system will enable the Department to reduce the staff needed to operate the State prisons, thereby supporting a growing offender population without costly increases in staffing.
- \* Health and Employee Benefits Information System Currently, three State agencies are responsible for maintaining health, dental, and other employee benefit enrollment information for State employees. Much of this information is kept in paper form in file cabinets. The Public Employees' Retirement System is merging the State's existing health enrollment databases into a single, consolidated database. The Health and Employee Benefits Information System (HEBIS), will be an on-line transaction processing system developed in a fourth-generation language using relational database technology. Employers, health and dental plan carriers and State administrators will have access to the information they need to provide faster and more accurate services to all employers, employees, and health plans participating under the Public Employees' Medical and Health Care Act.

#### MANAGING THE STATE'S REAL ESTATE

The State of California owns thousands of parcels of real estate with a total market value amounting to billions of dollars.

In 1991, the Department of General Services' Real Estate and Building Division began a major effort to develop comprehensive strategy for managing these properties.

The State now has a comprehensive inventory of the real estate that it owns or controls. This inventory took 3 years to complete, includes 18,000 assets, and summarizes information from 174,000 documents and sources.

All state agencies are now cooperating in sharing real estate plans and information through the Asset Management Coordinating Council. and the State is producing comprehensive 5 to 20 year projections of future office space needs and facility costs.

#### Regional Real Estate Plans

Regional plans have been developed to control office space requirements and occupancy costs. These regional plans have resulted in consolidation efforts which could save taxpayers over \$100 million in annual leasing and occupancy costs.

In the Bay Area, the regional plan has produced a master development program to replace earthquake-damaged buildings, renovate historic structures, and create new state facilities in the San Francisco Civic Center, downtown Oakland and at regional state service centers in the East Bay and on the Peninsula. The program is projected to reduce occupancy costs by 35% and create almost 10,000 new jobs.

The Los Angeles regional plan will reduce space demanded by 21%, save tens of millions of dollars and help revitalize the civic enter by re-using existing buildings which are available at very attractive prices. The plan also calls for consolidation of state space in other commercial centers such as the San Fernando Valley, East Los Angeles, South Central, Long Beach, and the west side.

In Sacramento, a 20-year master plan has been developed to manage office space needs and improve state operations. Eighteen major agencies have been studied and ranked for potential consolidation and work is underway on the first 13 moves. Ninety-three smaller government tenants have been identified to "in-fill" expansion space for the larger "anchor" tenants in a new program which will allow for planned long-term growth and cost control. The Sacramento program could create more than 25,000 new private-sector jobs in the next 3 years.

The Inland Empire plan, covering San Bernardino and Riverside Counties, prescribes 4 major and up to 20 minor consolidations, all of which will reduce costs and create jobs.

Similar regional plans are currently being developed for Orange County, San Diego, San Jose, Long Beach, and the Central Valley. The result of this planning effort will be the first comprehensive statewide facilities plan for California.

#### The JOBS Program

Considered together, these regional plans involve 38 projects in a statewide program called "JOBS," or "Jumpstart Office Buildings Statewide." The JOBS program will:

- \* Consolidate state office space to reduce taxpayer costs.
- Use existing buildings or new construction, depending on local market conditions.
- Create up to 50,000 new private-sector jobs, especially in the design and construction industries.

The JOBS program is being implemented through new partnerships between state government and local governments and redevelopment agencies. These partnerships have met with great local support as the State contributes to local land use and redevelopment goals.

Another benefit is speed, as jobs are critically needed now. For example, working with the City of Riverside, the State was able to identify and contract for the purchase of an existing building in just 60 days. Under previous methods, the process would have required more than 2 years. The building is being purchased for less than half of its replacement cost and will save the State up to 20 percent of its current facilities budget in Riverside.

#### Privatization of Real Estate Services

The State is currently reinventing the way it does business, with a special emphasis on delivering services through the private sector. Private-sector firms now provide virtually all architecture, engineering, and construction services required by the State. Efforts are being made to "privatize" additional services, such as building inspection, leasing, and property management.

The State has simplified and modified its contract documents, including space standards, building specifications, the standard form of office lease, bid documents, and design and construction contracts, to make them more consistent with private-sector models and easier for the private sector to finance. In this regard, the State has developed its first form of bondable lease to assist with project financing. The new space standards alone should reduce space requirements by approximately 15 percent. In addition, an ongoing program to renegotiate leases has cut rental costs an average of 17 percent.

As part of this effort, the State is creating new bidding procedures which are fair, fast, and comparable with private-sector models. Examples include a new janitorial services contract which has been shortened from 70 to 12 pages, and new procedures for shortening the delivery time on office buildings from 7 to 3 years. Another small but significant change is from an archaic state definition of "usable space" to BOMA standards for rental and usable area measurement.

The goals of all these initiatives are to improve customer service, reduce costs to taxpayers, and create jobs for Californians.

#### PROCUREMENT OFFICE 2000

Governmental procurement practices often are not comparable to the level of efficiency found in the private sector. Orders are filled late and goods received are often of poor quality. Items purchased from State contracts are available at commercial establishments for lower prices. Acquisition methods for electronic data processing equipment and software are too restrictive, lengthy, and costly.

Procurement and contracting procedures wrongly emphasize process rather than results, low price rather than best value, and detailed specifications rather than functional requirements. Procurement and contracting procedures do not permit consideration of important quality factors, such as past performance and experience.

The state needs an efficient, effective, user-friendly procurement process that assures the best use of each tax dollar. The current fiscal environment provides the state an opportunity to reengineer the State's purchasing activities from the ground up.

The Governor will direct the Department of General Services' Office of Procurement immediately to undertake a comprehensive procurement reform initiative. The Governor's direction requires the initiative to consider implementing a decentralized, service oriented procurement function, with procurement authority delegated to departments to allow faster response. The Department of General Services would retain an oversight function to assure the integrity of decentralized procurement. This initiative foresees use of state-of-the-art information technology to reduce or eliminate paperwork, as well as the use of model procurement processes in use in industry and government.

In response to this order, the Office of Procurement is implementing the Procurement Office 2000 project. The heart of the project will be an automated procurement process, encompassing all activities for which computer-assisted decisions can improve efficiency, effectiveness and customer satisfaction. A primary purpose of automation will be to improve access for, and response to small businesses.

Bid opportunities and RFPs will be posted on an Electronic Bulletin Board. Vendors, who register on-line, will select bid opportunities posted on the Electronic Bulletin Board, prepare and submit their bids and proposals, transmit invoices and receive payments electronically.

The project's goal is not to automate flawed, inefficient processes. Substantial innovation will require a thorough review of current functions and practices. The review and reengineering must be followed by blueprints for process improvements and organizational change, detailed system design and testing, and prudent planning for implementation. These four phases of the project will be completed by December 1996.

### **ATTORNEY FEES**

Until 1992, the Legislature limited the hourly rate for attorney fees awarded under Code of Civil Procedure section 1021.5 in state court suits against government agencies. This limitation was set at \$125 per hour and was established in provisions of the annual budget act.

In 1992, the Second District Court of Appeal invalidated this limitation, ruling that limiting such fees in the budget act violated the single subject provision of the California Constitution. The Legislature has subsequently deleted all rate limitations from the budget act and required that these fees be paid from the support budgets of state agencies. Hourly rates awarded by courts are already climbing, at times exceeding \$200 per hour. In the absence of a reasonable limit, the State can expect to be subjected to fee awards well in excess of \$250 per hour in some cases.

This ruling by the Court of Appeal has, in essence, provided a hunting license to any attorney who wishes to pursue lawsuits against the taxpayers.

The administration is proposing legislation to reestablish in statute an attorney fee limit of \$125 per hour for Code of Civil Procedure section 1021.5 awards. This provision will protect taxpayers and also protect the rights of California residents who need adequate legal representation in their disputes with state agencies.



# RESTRUCTURING THE STATE-LOCAL RELATIONSHIP —Fostering Cooperation Between the State and Counties for Government that Produces Results

### SUMMARY

The State of California and its fifty-eight counties share common interests and constituencies. The recent history of this close relationship, however, has been characterized by intense competition for limited resources. Local revenues available to counties to address local needs have declined. The state and federal government also have imposed excessive and unnecessary administrative burdens on counties. Counties, in turn, face financial incentives that discourage them from controlling the cost of services or from improving program results.

The administration believes that a fundamental restructuring of the relationship between the state and counties is needed. Such a restructuring must promote job creation, protect and strengthen the property tax base, promote local control and responsibility over services and funding, establish strong fiscal incentives for controlling costs and achieving program success, and substantially reduce counterproductive state and federal administrative oversight.

The Governor's Budget for 1994-95 proposes such a fundamental restructuring. This will be accomplished through a \$5.4 billion transaction using existing revenue sources. The 1991 state-local realignment program will be expanded to \$4.7 billion. These funds would be allocated to counties in relation to their level of program responsibility, thereby defining the state's fiscal commitment to county-administered health, welfare, and social services programs. Counties will be given greatly expanded flexibility to operate community services programs, and will be given strong financial incentives for program success and for controlling the costs for both community-based and county-administered state entitlement programs. The proposal gives the state the primary role for funding trial courts and strengthens local incentives to collect fine and penalty revenues, thereby providing counties with nearly \$700 million in additional fiscal relief.

### LOCAL GOVERNMENT SINCE PROPOSITION 13

In 1978, California voters revolutionized state and local government finances by enacting Proposition 13. This initiative constitutional amendment reduced the local property tax by rolling back property assessments to the 1975 level, and by limiting growth in assessed valuation to 2 percent annually. It also prohibited local governments from imposing special tax increases without obtaining approval by two-thirds of local voters. Proposition 13 immediately reduced property tax revenues received by counties, cities, special districts, and K-14 school districts by nearly \$7 billion, which then amounted to more than 50 percent of total property tax revenues.

### AB 8 and the Subsequent Evolution of the Local Government Structure

Faced with the wholesale curtailment of locally funded services, the state provided local governments with substantial fiscal relief. SB 154 (1978) replaced virtually all of local agencies' revenue losses with state grants. In 1979, the Legislature enacted AB 8, which established a ongoing fiscal relief mechanism. AB 8 bought out a major portion of county health and welfare expenses, and shifted a substantial amount of property tax revenue from K-14 school districts to cities, counties, and special districts.

While AB 8 has formed the basic structure of the state-local relationship since 1979, the relationship has evolved continually since then. This evolution has involved a number of different health, social services, and justice programs, as well as changes in the allocation of state and local revenues. These changes have been incremental and disjointed, driven at times by policy considerations and at others by fiscal necessity. With the exception of the State-Local Realignment Program enacted in 1991, none of these changes was enacted based on a comprehensive vision of effective state-local governance.

### The Success of the State-Local Realignment Program

In 1991, Governor Wilson proposed and the Legislature enacted the State-Local Realignment Program. This legislation was enacted in response to growing concern by state and local officials about the impact of health and welfare programs on counties' local revenues, about excessive state oversight of county operations, and about inappropriate fiscal incentives facing counties.

The legislation provided counties with \$2 billion in funds for support of a variety of health and social services programs. The legislation also reduced counties' incentives for cost-shifting by making their shares of cost for certain social services programs more equal. It also encouraged counties to experiment with coordinated and collaborative approaches to funding and delivering services, recognizing that individuals often receive services from several different closely related programs.

The State-Local Realignment Program generally has been regarded as an important success in strengthening the state-county relationship. It defined the state's financial commitment to counties for indigent health care. It established stable funding for community mental health services, which was jeopardized by an unpredictable state budget environment. Most important, the realignment program provided counties with the flexibility and financial incentives they needed to make program decisions on the basis of appropriate client outcomes, rather than fiscal advantage. Specifically, realignment gave counties strong financial incentives to seek service alternatives to the placement of abused and neglected children in foster homes, and to develop community-based mental health services as an alternative to costly State Hospital beds.

### Proposition 98, Property Tax Shifts, and Proposition 172

In 1992-93 and 1993-94, the state faced severe budgetary pressures. State revenues were declining as a result of the most severe recession since the 1930s. Caseloads for federally mandated health and welfare entitlement programs were growing at several times the rate of growth of the general population. The state's options for addressing these budgetary problems were greatly limited by Proposition 98, which was approved by the voters in November of 1988.

Proposition 98 established K-14 education as California's highest financial priority after debt service obligations, by specifying minimum funding levels in the California Constitution. Proposition 98 also explicitly recognized the historical role of the property tax in financing local school districts, by defining this funding guarantee in terms of the sum of state revenues and property tax revenues supporting schools. Since Proposition 13 explicitly provides the Legislature the power to apportion the property tax, Proposition 98 effectively gave K-14 programs constitutional priority not only over all state programs, but also over all local agencies supported by the property tax.

In order to meet the schools' constitutional funding priority, and also to pay for federally mandated health and welfare services, the state redirected a total of \$3.5 billion in property tax revenues from local agencies to school districts in these two fiscal years. This revenue shift was accompanied by other legislation which provided counties with significant mandate and other financial relief from the cost of various state human services and justice programs.

In 1993, the Legislature also enacted SB 509, which extended a temporary 1/2-cent state sales tax from July 1, 1993 through December 31, 1993. The proceeds of the tax were allocated to counties and cities to secure financial support for local public safety. Finally, the Legislature enacted SCA 1, which the voters approved as Proposition 172 in November 1993. This constitutional amendment establishes public safety as the first priority of local government and permanently extends the SB 509 program.

### **CURRENT PROBLEMS IN THE STATE-COUNTY RELATIONSHIP**

### Administration of State Programs

As political subdivisions of the state, counties are responsible for the local administration of state programs, primarily community-based human services and justice programs. While the California Constitution requires the state to reimburse local entities for the cost of state-mandated programs, the share of cost for state programs enacted prior to 1975 is not state-reimbursable and is generally supported with local revenues. The cost of these programs, many of which are entitlements, has increased faster than the growth in local revenues. This has strained counties' budgets and has reduced local fiscal flexibility.

The current structure of county-administered state programs is based largely on traditional models of public administration, which stress the importance of rules, administrative uniformity, and administrative control by the state and federal government. Recently, an increasing number of analysts and policy makers have criticized this approach. The traditional approach has placed too much emphasis on day-to-day administrative procedures and has devoted insufficient attention to achieving desired program results.

State and federal administrative oversight also has frequently undermined efforts to build integrated community-based approaches to solving community problems, especially through the use of local collaboration and cooperation.

### Administration and Funding of Local and Countywide Programs

Counties also finance and administer local services to the residents of unincorporated areas, such as sheriffs, fire protection, libraries and parks, as well as a broad array of countywide services, such as jails, property tax administration, recording and elections. These services were historically supported by the property tax. In the years that followed Proposition 13, the fiscal relief provided to counties under AB 8 allowed them to maintain most of their local services, notwithstanding the substantial reduction in property tax revenue brought about by the initiative.

One of the consequences of redirecting property tax revenues to pay for California's constitutional obligations to schools has been a reduction in revenues available to county officials to address other local needs. Were this trend to continue, statewide interests could be adversely affected, because strong and effective local programs can reduce the need for and cost of state services.

### Other Impacts of Local Revenue Changes

Anothet consequence of redirecting property tax revenues to schools has been reduced county incentives to provide adequate support for administration of the property tax system. Some counties now have shares of the property tax that are so low that further investment in assessment and tax collection activities is not fiscally beneficial to the county. Many counties have reduced staffing in these ateas, potentially jeopardizing some of the basic functions of the property tax system.

An inadvertent impact of shifting property tax to schools has been that, in some counties, most of the districts are now basic aid districts (i.e., districts whose property tax revenue per pupil equals or exceeds its revenue limit). As a consequence, futute growth in assessed value will accrue to the benefit of the school district, and will not reduce the state General Fund cost of funding school district revenue limits.

Finally, decreased availability of the property tax has reduced counties' incentives to invest in services designed to protect and enhance property values. This has encouraged some local agencies to compete for the local sales tax, which under the Bradley-Burns Act is distributed to the jurisdiction in which the revenue was generated. There is growing concern that pursuit of the local sales tax base will worsen interjurisdictional tensions and foster unproductive competition for land uses which generate sales tax revenue, rather than economically beneficial land uses.

### Local Government Advisory Council

In August of 1993, Governor Wilson issued an executive order creating the Local Government Policy Council. The Governor appointed the Director of Finance, the Director of Intergovernmental Affairs, the Secretary for Health and Welfare, and the Secretary for State and Consumer Services to this council, and directed it to confer with representatives of local government to discuss issues regarding state-local restructuring. The Council appointed a number of local officials to serve on a Restructuring Advisory Panel. These members were assigned to five task forces, which met in October and Novembet of 1993. The task forces submitted their reports to the Local Government Advisory Council in November of 1993.

The five task forces made similar recommendations regarding the principles which should govern a restructuring of the state-local relationship. For example, all recommended that state programs should maximize local control and flexibility, in order to strengthen accountability to local residents. All agreed that state programs should provide better incentives for program results and cooperation, and should focus less on day-to-day administrative oversight. All concluded that local agencies need broader and more flexible revenue bases.

The task forces also made a number of specific policy recommendations. Some of these are incorporated into the Governor's Budget for 1994-95; others will require additional study by the administration, the Legislature, and the Constitutional Revision Commission.

### RESTRUCTURING GOVERNMENTAL RELATIONSHIPS

### Appropriate Assignment of Responsibilities

The appropriate structure of the relationship between the state and local governments has been a subject of considerable debate throughout California's history. In recent years, it has been argued that a succession of incremental programmatic changes since Proposition 13 has resulted in inappropriate assignments of program responsibilities between the state and local entities. In some cases, the predominant role of local government has undermined the ability of programs to achieve statewide objectives. In other cases, the primary role and power of the state flies in the face of the unique ability of local communities to devise solutions to their own pressing social and economic problems.

Pursuant to this argument, the existing system provides for insufficient accountability for program costs and results. Responsibilities for policy and for funding programs often reside at different levels of government, so that decision makers are rarely held solely accountable for results. The current system also contains numerous examples of inappropriate fiscal incentives, causing both state and local officials to make decisions based solely on the impact on their level of government. The result is that program costs are frequently shifted from one level of government to another.

In the 1993 issue paper Making Government Make Sense, the Legislative Analyst's Office (LAO) recommended one model of state-local restructuring. The LAO's solution for this accountability problem is to provide for the maximum possible separation of state and local government duties. Programs would be assigned in their entirety either to the state or to local governments. State programs would be funded entirely with state revenues. Local programs would be supported entirely with local revenues. Under this model, state and local officials would be held clearly accountable for program costs and results. State and local officials also would bear the full fiscal consequences of their policies, thereby eliminating cost shifting from one level of government to another.

### Getting Incentives Right

The administration agrees that accountability is important and that a careful examination of program responsibilities is a central component of restructuring the relationship between the state and counties. The administration does not believe, however, that a complete separation of state and local duties is either possible or desirable for all programs. Many state and local programs are closely related and serve similar or identical groups of

clients. AFDC recipients, for example, receive services from both state and local programs and cannot be unambiguously identified as either "state clients" or "local clients." Because many programs are closely related, a complete separation of duties could inadvertently undermine efforts to establish appropriate fiscal incentives for the state and counties to work cooperatively to solve common problems.

For example, the LAO has recommended complete state assumption of the operation and financing of the Aid to Families with Dependent Children (AFDC) program. At the same time, counties would retain full responsibility for the employment, training, and other

community-based services which have proven effective in getting AFDC recipients into the workforce and off of assistance. Similarly, the LAO has recommended full state assumption of the general assistance program, while counties would retain full responsibility for mental health and substance abuse services. Under this model, the counties would bear full responsibility for the cost of reducing welfare dependency. Counties would receive none of the financial benefit of local success, and the state would bear full financial responsibility for local failure. The administration believes instead that counties need strong financial incentives to reduce welfare dependency, both to encourage success and to discourage failure.

### Local Control and Integration of Community-Based Services

In recent years, there has been growing interest in transferring a variety of community-based services — such as child welfare services, foster care, mental health, substance abuse and adult services — to counties and integrateing these services at the local level. This concept has great merit and should be included in a restructuring of the state-county relationship. Integration of these programs will

assist communities to recognize and develop the linkages that exist between different programs, so that the primary emphasis is on client outcomes rather than program requirements. Such integration also will help foster innovation and local collaboration. This approach is consistent with a number of policy initiatives currently underway, such as the Healthy Start program, the California Partnership for School-Linked Services, and the collaborative services projects authorized by the Legislature in 1993.

It is important to note, however, that Article XIIIB of the California Constitution (Proposition 4) may limit the ability of the state to return programs to local governments and require that they be supported with local revenues without imposing a state-reimbursable mandate. The LAO has recognized this constraint and consequently has recommended repeal of Proposition 4. In the administration's view, state-local restructuring cannot be predicated on voter approval of such a constitutional amendment. Consequently, an effective integration of such services must be accomplished through a funding mechanism that avoids mandate problems and, while the same time provides local agencies with more flexibility.

In sum, the state does need to examine the existing assignment of state and local duties as part of its effort to restructure government. Any realignment of duties, however, must recognize that the state and counties have *common interests and shared responsibilities*. Rather than attempting to maximize the separation of duties between the state and counties, restructuring should focus primarily on establishing appropriate financial incentives to achieve program results and intergovernmental cooperation.



### RESTRUCTURING OBJECTIVES

The administration believes that a restructuring of the state-county relationship should be undertaken in pursuit of five sets of objectives: (1) fiscal neutrality, (2) promotion of economic development, (3) promotion of local control and responsibility, (4) establishment of fiscal incentives for performance, and (5) reduction of bureaucracy and administrative oversight. The specific objectives are outlined in Table 8-1.

The budget does not propose specific changes related to cities, special districts, or redevelopment agencies. The administration believes that efforts to implement restructuring must focus primarily on the relationship between the state and counties given their close interdependence.

### TABLE 8-1

### STATE-COUNTY RESTRUCTURING OBJECTIVES

### **Fiscal Neutrality**

- \* Restructuring should have no net fiscal impact on county governments.
- \* Restructuring should have no net fiscal impact on the state.
- Counties should not be subjected to any unfunded mandates or cost shifts, nor should their local revenues be reduced.

### **Promotion of Economic Development**

- Restructuring should increase counties' incentives to invest in services to protect and enhance local property values.
- Restructuring should encourage counties to approve economically beneficial development
- Restructuring should strengthen counties' financial incentives to preserve and improve their property tax administration systems.
- Restructuring should limit the further allocation of property tax revenue to basic aid school districts.
- Counties' share of the property tax should be increased to meet these objectives.

### **Promotion of Local Control and Responsibility**

- Restructuring should promote local decision-making, thereby moving responsibility and accountability from the State Capitol to the board rooms of County Supervisors.
- Restructuring should provide counties more flexibility to administer state human services programs, in order to foster innovation and local collaboration.

### **Establishment of Fiscal Incentives for Performance**

- \* Restructuring should provide counties stronger incentives to control program costs.
- Restructuring should establish incentives for counties to invest in the education, training and job development needed to reduce welfare dependency.
- Restructuring should provide local incentives to design and operate efficient health care programs.
- Restructuring should permit counties to retain savings resulting from local innovation and success.

### Reduction of Bureaucracy and Administrative Oversight

- Restructuring should eliminate unnecessary and burdensome state and federal oversight.
- Restructuring should require the state and counties to streamline administrative operations, because a variety of programs are being consolidated and decentralized.

### GOVERNOR'S PROPOSAL FOR STATE-COUNTY RESTRUCTURING

The Governor's Budget for 1994-95 proposes a major restructuring of the programmatic and fiscal relationship between the state and counties, in support of the objectives stated in Table 8-1. This proposal will effectively expand the State-Local Realignment Program from its cutrent funding level of \$2.1 billion to a total of \$4.7 billion, using *existing* revenue sources. In addition, the proposal provides counties with fiscal relief totalling \$683 million from the cost of operating trial courts. In total, this proposal is a \$5.4 billion transaction.

From the standpoint of both the state and the counties, the proposal is *fiscally neutral* with respect to current law. Although the budget does not propose a specific allocation to individual counties, the general intent of the proposal is to allocate funds to counties in relation to the program responsibilities they would assume.

Figure 8-A summarizes the proposed funding for the state-county restructuring. This structure is funded through four mechanisms. The Local Public Safety Fund allocates funds pursuant to Proposition 172. The Client Services Fund and the Community Services Fund allocate funds to counties for support of current state and local programs, replacing the existing Local Revenue Fund established by the 1991 realignment. Finally, the Trial Court program defines the state's obligations for support of Superior, Municipal and Justice Courts.

### Local Public Safety Fund

Proposition 172, approved by the voters in the November 1993 general election, permanently extends a temporary 1/2-cent sales tax which expired January 1, 1994. The funds are allocated to a Public Safety Augmentation Fund in each county for allocation to the county and certain cities for support of public safety activities. In 1994-95, local agencies will receive about \$1.4 billion in sales tax proceeds for public safety, of which about \$1.3 billion will be allocated to counties and about \$90 million to cities. Under statute, public safety includes but is not limited to police, sheriffs, fire protection, jails, criminal prosecution, and probation services. The proposed state-county restructuring proposes continuation of Proposition 172 as approved by the voters, thereby establishing public safety as the first priority of local government.

### Client Services Fund

The proposed state-county restructuring would establish a Client Services Fund in each county. Each county fund would receive a share of a *statewide* allocation from 1-cent of the state sales tax. This 1-cent rate includes the *existing* 1/2-cent rate currently allocated

to the Local Revenue Fund for the tealignment program, plus an additional 1/2-cent redirected from the existing state sales tax which is currently deposited in the state General Fund. These revenues, deposited in the Client Services Fund, will provide a total of \$2.8 billion in revenues for counties.

Table 8-2			
PROPOSED CHANGES IN SALES TAX RATES			
<u>Fund</u>	Current	Proposed	
General Fund Local Revenue Fund Client Services Fund Public Safety Fund Bradley-Burns Local Sales Tax Total State and Local Rates	5.00% 0.50 0.00 0.50 1.25 7.25%	4.50% 0.00 1.00 0.50 1.25 7.25%	

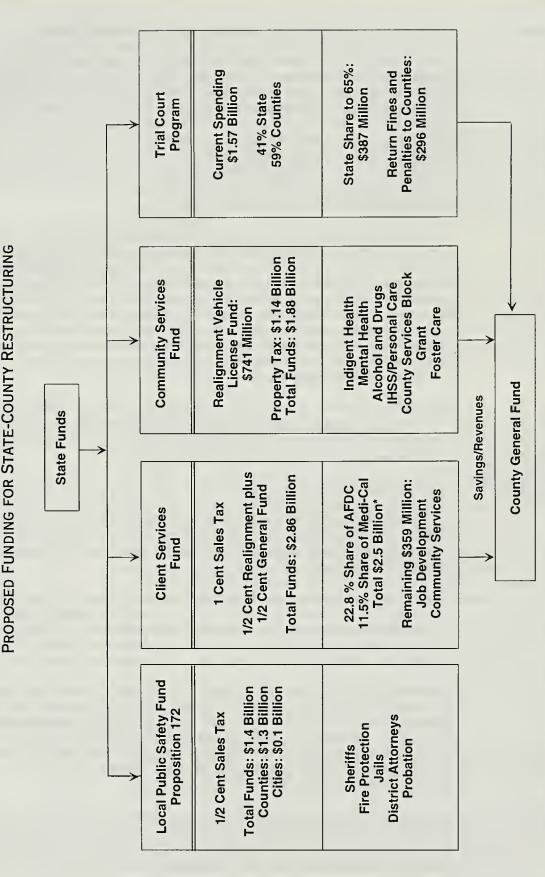


FIGURE 8-A

County shares for AFDC would equal 50 percent of the nonfederal portion of the grant amount and 50 percent of the nonfederal portion of county administration. County shares for Medi-Cal would be 11.5 percent of total Medic-Cal costs, excluding costs such as State hospitals and developmental centers, SB 910 costs, and SB 855 disproportionate share hospital costs.

Table 8-2 summarizes the proposed changes in the allocation of sales tax.

AFDC Share of Cost. Counties would be required to use monies in the Client Services Fund to pay for increased shares of cost in the AFDC program. Specifically, the county share of cost for AFDC grants would be increased from 5 percent of the nonfederal amount to 50 percent of the nonfederal amount. The county share of cost for AFDC administration would be increased from 30 percent of the nonfederal share to 50 percent. Since the federal government covers 54.4 percent of total costs under the Governor's Budget, counties' share of total expenses would be 22.8 percent. Conversely, county spending for the Greater Avenues for Independence (GAIN) program would continue to be limited to the 1992-93 level. County shares for fraud prevention and detection activities would also be limited, despite reductions in federal funding.

The administration believes that increasing the county share of cost for AFDC grants is essential to give counties appropriate fiscal incentives to reduce welfare dependency. Currently, counties face significant local costs for employment services, job training, and other services that have been shown effective in assisting AFDC recipients to obtain employment, increase earned income and become self-sufficient. When counties have been successful in assisting families in this way, they have received little financial reward because the county share of the AFDC grant is minimal. Counties that are unwilling to make substantial efforts to assist families or which operate ineffective programs, however, bear little of the cost of program failure. Those costs are borne instead by the state, which has little control over county efforts.

Increased county shares of cost for grants and limited county costs for employment services and fraud detection will completely reverse these incentives. Counties will have strong financial incentives to assure the program integrity of AFDC, to provide assistance to families, and to invest in local job development activities.

Medi-Cal Share of Cost. Counties also would be required to assume a substantial share of cost for Medi-Cal services provided to county residents. As budgeted, this share is 11.5 percent of the total cost of the program, excluding costs for services such as those provided to state hospital and developmental center clients, funding provided to counties for targeted case management services, and funding provided through the disproportionate share hospital transfers.

Counties are major providers of local health services Counties are responsible for providing health care to indigents. County facilities, especially hospitals, are major Medi-Cal vendors. In addition, the thirteen counties selected by the administration's Medi-Cal Managed Care Plan also have an important role in the design and operation of Medi-Cal managed care systems through the operation of local initiatives under the two-plan model.

Notwithstanding these responsibilities, counties have no share of cost for the provision of general Medi-Cal services within the county. This factor, combined with federal program incentives which encourage counties to admit patients to disproportionate share hospitals, has undermined counties' incentives to control health care costs. A share of cost will provide counties with strong incentives to control costs, and will effectively complement the administration's ongoing effort to implement managed care systems pursuant to the two-plan model.

Counties also would have complete financial responsibility for the nonfederal portion of In-Home Supportive Services. To the extent these services are alternatives to placement of dependent adults in nursing homes, counties currently receive no financial reward because they have no share of cost for nursing home services supported by Medi-Cal.

Providing counties with a share of cost will give them incentives to provide those services needed to limit inappropriate institutionalization.

Job Development Services. The total cost to counties for the increased share of AFDC and Medi-Cal will be approximately \$2.5 billion. The remaining \$358.6 million is available to counties for a variety of discretionary purposes. These include:

- Job development services, needed by communities to expand economic development and create jobs. Successful efforts will eventually reduce the demand for both AFDC and Medi-Cal services within the county.
- Community-based services, including indigent health care, mental health services, substance abuse services, foster care, child welfare services, youth corrections, and other services.

### Community Services Fund

The proposed state-county restructuring proposal establishes a Community Services Fund in each county. Each county fund would receive a share of a *statewide* allocation of Vehicle License Fee revenues currently allocated to counties as part of the 1991 realignment legislation. On a statewide basis, this revenue totals \$740.6 million in 1994-95. In addition, the proposal would redirect \$1.14 billion in property tax revenues currently allocated to school districts located within the same county. (The state would replace the property tax revenue redirected from schools).

This funding, totalling \$1.88 billion statewide, would be available to counties for support of indigent health, mental health, substance abuse, in-home supportive services, adult protection services, foster care, and, at county option, other related programs. Counties would have broad authority to determine service and funding levels, to establish policy, control day-to-day operations, and to design collaborative approaches promoting linkages between programs. The state's role would be largely limited to strategic planning, defining outcome measures, providing appropriate financial incentives, passing through federal funding, and providing technical assistance to counties.

Indigent Health Care. As under the 1991 realignment, indigent health care would remain a county responsibility under this proposal. In order to provide counties with appropriate policy and fiscal control over these services, maintenance of effort requirements for receipt of Proposition 99 funds in excess of those stated in the initiative statute would be repealed.

Mental Health Services. As under the 1991 realignment, community-based mental health services would remain a county responsibility. The state would retain responsibility for operating state hospitals and certain adult and children's services pilot projects, providing strategic planning direction, and for securing and allocating federal funds. The proposal also would return to counties approximately \$15 million in patient revenues retained by the state under the 1991 realignment.

Substance Abuse. Under this proposal, counties would assume full responsibility for funding and operating alcohol and drug programs. The state would retain responsibility for providing strategic planning direction, securing and allocating federal funds, and funding perinatal substance abuse projects.

In-Home Supportive Services. Under this proposal, counties would assume full financial and policy responsibility for the In-Home Supportive Services program. The Personal Care option in the Medi-Cal program would continue as a funding source to make additional federal revenues available for these programs, but the counties would provide the nonfederal match for federal Medicaid funds.

County Services Block Grant. Under this proposal, the County Services Block Grant, which supports information and referral and a limited amount of adult protective services, would be eliminated. Those services could be assumed by counties.

Foster Care. Under this proposal, counties would assume full financial and program responsibility for foster family homes and group homes, including placement and rate setting. The state would continue its existing licensing responsibilities.

Child Welfare Services. Under this proposal, the state would continue to play a major role in funding and administering child welfare services programs. While some restructuring proposals have pointed out the close program linkages between child welfare services, foster care, youth corrections, and other community-based services, a number of factors make it more difficult to contemplate a complete transfer of funding and program responsibilities from the state to counties. Most important, the administration is concerned that increasing county shares of cost for child welfare services could weaken local incentives for funding alternatives to foster care placement, even if the counties pay for 100 percent of the cost of foster care placements. The Governor's Budget, however, does propose to give counties additional flexibility to use foster care, child welfare services, and family preservation funds more flexibly, in order to allow counties to provide intensive emergency response, family reunification, and permanent placement services as alternatives to costly placement of children in foster care.

Federal Issues. The restructuring of community-based programs from the state to the counties raises a number of issues relating to federal law. Federal law imposes a number of restrictions on the use of federal funds. These often include maintenance of effort requirements, as well as provisions mandating states and counties to perform specific activities. In the administration's view, the state should not allow federal law to limit the design of the state-county restructuring process.

On October 26, 1993, President Clinton issued an executive order directing all federal agencies to work cooperatively with states to identify and modify excessively restrictive or burdensome federal requirements governing the use of federal aid. The administration believes that this state-county restructuring proposal is consistent with the overall intent of President Clinton's executive order, as well as with the broad goals of the National Performance Review.

The administration intends to work cooperatively with counties, the Legislature, Congress and the Clinton Administration, to obtain all federal waivers or statutory changes that are necessary to implement this proposal.

### County Use of Savings for Local Priorities

Under existing programs, state funds provided to counties for support of state programs are restricted to specific purposes. Unspent funds either remain in a fund restricted to a particular state program or revert to the state. This practice greatly limits incentives for counties to control program costs.

Under this restructuring proposal, counties would have much greater fiscal flexibility in the use of sales tax funds allocated to the Client Services Fund and VLF and property tax revenues allocated to the Community Services Fund. In both cases, counties would have unrestricted control over unspent monies remaining in these funds at the end of a fiscal

year. Counties could decide to retain the monies in those funds for expansion of job development or community services, or they could decide to transfer the monies to the county general fund for support of local or countywide services, such as law enforcement, libraries and parks.

### Expansion of the Trial Court Program

In 1988, the Legislature enacted the Brown-Presley Trial Court Funding Act. This act expanded the financial responsibilities of the state for support of trial courts by providing block grants to counties. While the block grants provided counties with substantial fiscal relief, they did not keep pace with the rapid growth in judicial spending. The state did not increase block grant amounts after 1988-89, and the state reduced block grant funding by 10 percent in 1990-91.

In 1991, the Legislature enacted the Trial Court Funding Realignment and Efficiency Act, which increased state funding for trial courts to 50 percent of total court spending, and stated legislative intent that the state's support be increased by 5 percent each fiscal year, until it reached 70 percent in the 1995-96 fiscal year. This increased state support was

supported by increasing a variety of fines and penalties, and by transferring existing city and county fine revenues to the state General Fund. Since 1991-92, state funding of trial courts has fallen short of the goals established in this legislation. In 1993-94, for example, state funding amounts to 41 percent of total court costs, while the 1991 Act calls for 60 percent.

In the administration's view, the state should continue to move toward state financial assumption of the majority of trial court functions. This transaction is warranted because of the compelling statewide interest in promoting the uniform application of justice throughout the 58 counties, and because trial court operations are governed exclusively by state statutes and regulations.

For the 1994-95 fiscal year, the Governor's Budget proposes total state and local support for trial courts of \$1,565 million, an increase of 3.2 percent above current year estimates. State support for trial courts would be funded at 65 percent of total court spending, the level intended by the 1991 Act. The ultimate scope of the state's responsibilities for supporting various trial court functions should be determined through continuing discussions with the Legislature, the Judicial Council and the Trial Court Budgeting Commission.

The fine and penalty revenue transferred to the General Fund also has fallen far short of expectations. It is widely believed that the reduction in cities' and counties' share of fine and penalty revenue has undermined their incentives to collect these revenues, thereby weakening collections performance.

The Governor's Budget also proposes that 100 percent of fine and penalty revenue be returned to cities and counties, along with the penalty enhancements and assessments enacted by the 1991 Act. The administration believes that this transaction will provide strong incentives for local agencies to improve collection of court revenues.

Transfer of primary programmatic and fiscal responsibilities for community-based services from the state to counties does not mean that the state is abrogating its responsibilities for clients.

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### Property Tax Administration

In light of concerns about the integrity of the property tax administration system, the Governor's Budget proposes enacting urgency legislation to provide \$25 million in financial assistance to counties for support of property tax administration on a one-time basis only. The purpose of these funds is to provide counties temporary assistance to improve the performance of the property tax administration system. Beginning in 1994-95, counties will be fully responsible for supporting the property tax system. Under this proposal, counties will have sufficient property tax revenues to support the system adequately. The administration will continue to work closely with county assessors, tax collectors, auditors and other officials to develop and implement a strategic plan for long-term improvement of the property tax administration system beyond the current fiscal year.

### State Administration

The state-county restructuring proposal requires substantial changes in the role of state departments currently overseeing county-administered programs. Transfer of primary programmatic and fiscal responsibilities for community-based services from the state to counties does not mean that the state is abrogating its responsibilities for clients. It does mean, however, that state departments will need to make substantial changes in their primary duties.

State departments will be required to focus their primary efforts on conducting strategic planning, securing and allocating federal funds, developing outcome measures and information systems for use by counties, providing technical assistance, and other duties related to facilitating local accountability, program performance, and collaboration. State departments will be expected to substantially reduce and eliminate existing functions involving oversight of day-to-day operations, review and approval of county expenditure plans, and promulgation of overly restrictive regulations. The administration anticipates that these changes in the state's relationship to counties will permit reductions in the staffing and funding levels of a number of state departments.

The administration also expects counties will achieve administrative savings because of the substantial reduction in state requirements and oversight.

# 1994-95 BUDGET SUMMARY



### RECENT EXPENDITURE TRENDS

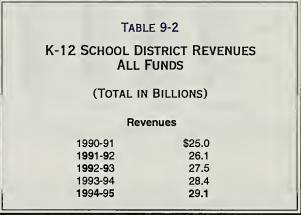
California's economy boomed during the decade of the 1980s. This economic success translated into strong revenue performance for the State of California. Growth in General Fund revenues and transfers for the eight fiscal years ending in the 1990-91 fiscal year averaged 7.8 percent annually -- almost four times the rate of growth of California's population.

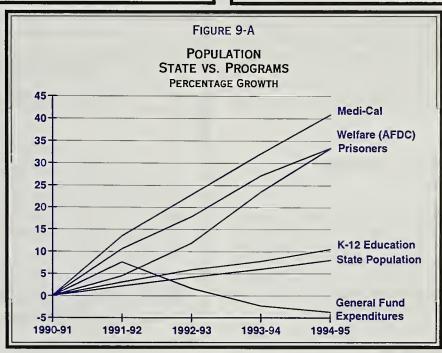
As reductions in federal defense outlays triggered California's deepest recession since the 1930s, this vigorous revenue growth ceased. As shown in Table 9-1, General Fund revenues and transfers are forecasted to be lower in the 1994-95 fiscal year than they were in 1991-92. As the state's resources have contracted, General Fund expenditures also have declined. The Governor's Budget for 1994-95 proposes General Fund expenditures that are 10.4 percent below the 1991-92 level. Spending has decreased each year since 1991-92.

TABLE 9-1 GENERAL FUND REVENUE AND EXPENDITURES (DOLLARS IN BILLIONS) Revenues **Expenditures** 1991-92 \$42.0 \$43.3 40.9 1992-93 40.9 1993-94 39.7 39.3 1994-95 41.1 38.8

As the state's resources have declined, caseloads for the state's major health, welfare, education, and corrections programs have continued to outpace available resources. Figure 9-A shows that as General Fund expenditures have declined since 1990-91, the state's population has grown 8.0 percent. Enrollment in elementary and secondary schools has grown 10.5 percent. The state's prison population has grown by 33 percent. Welfare caseloads have increased 33 percent. Finally, the number of individuals eligible for Medi-Cal has grown nearly 41 percent.

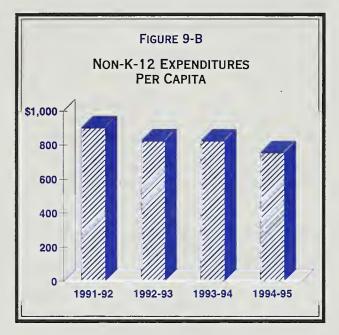
Notwithstanding declining revenues and continuing increases in caseload, the State of California has maintained its commitment to K-12 education as the state's first budget priority. Table 9-2 shows that total district revenues increased from \$25.0 billion in 1990-91 to \$29.1 billion in 1994-95, an increase of 16.5 percent. On a per pupil basis, total school district revenues have increased from \$4,152 in 1990-91 to \$4,217 in 1994-95.





### **BUDGET OUTLOOK**

While K-12 funding has been maintained, General Fund expenditures for all other programs have declined from \$26.5 billion in 1991-92 to \$24.6 billion in 1994-95, a reduction of 11.7 percent. As shown in Figure 9-2, General Fund per capita expenditures for non-K-12 programs will have fallen from \$900 in 1991-92 to \$753 in 1994-95, a reduction of 16.4 percent.



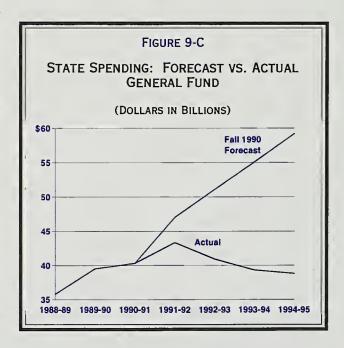
Another way of displaying the reduction in state spending is to compare actual expenditures with projections of what expenditures would have been in the absence of policy changes. Figure 9-C compares an expenditure forecast prepared by the Commission on State Finance in the Fall of 1990 with actual General Fund expenditures. This figure shows that proposed expenditures of \$38.8 billion are \$20.4 billion, or 34.5 percent below the projected expenditure level of \$59.2 billion for the 1994-95 fiscal year.

# HIGHLIGHTS OF THE 1994-95 GOVERNOR'S BUDGET

The Governor's Budget for 1994-95 reflects the administration's view that full recovery from the recession lies beyond the budget year. Limited revenue growth, coupled with rapidly expanding demands for education, health, and welfare services, will require California to rethink its fundamental relationships with the federal government and with local governments.

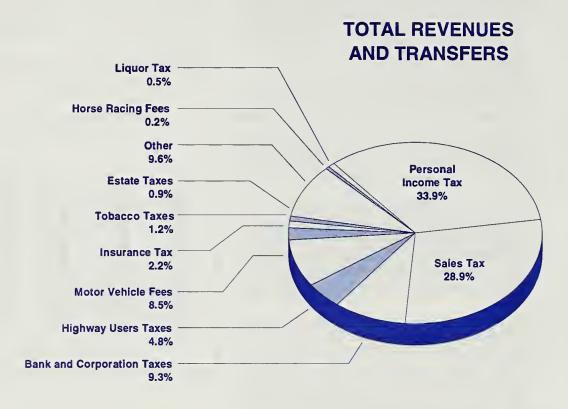
Toward these ends, the Governor's Budget has the following primary features:

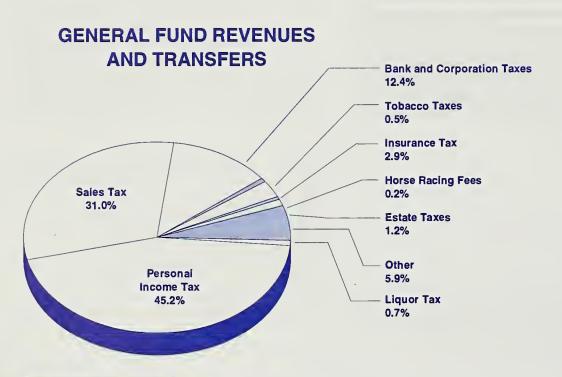
- It is balanced. The budget provides a small reserve at the end of the 1994-95 fiscal year, and retires the budget deficit incurred at the end of the 1992-93 fiscal year.
- It contains no tax increases. California already has a relatively high level of state taxation. Increasing that burden further could impair California's competitiveness in the global economy.
- \* The budget promotes creation of new jobs. The budget builds on the successes of the 1993 legislative session, which saw enactment of major reforms of the state workers' compensation and business tax laws. The budget proposes a \$5.1 billion bond package to invest in transportation, public safety, K-12 education, higher education, and local infrastructure. These investments, along with initiatives designed to expand California exports, assist small businesses, and speed conversion of military bases to civilian uses, will help create more jobs for Californians.
- ❖ It continues K-12 education as the state's first budget priority. Notwithstanding the state's financial difficulties, the budget proposes maintaining state and local expenditures for K-12 programs at the same level as in 1993-94: \$4,217 per pupil. This level of funding is \$336 million in excess of the amount required for Proposition 98.



- \* The budget protects the public from crime and violence. The State's prisons are provided adequate resources to assure that the public is protected from violent and habitual felons. The budget also provides new resources to increase the number of highway patrol officers on the highways, to assist victims of crime, and to provide substance abuse services to offenders.
- It proposes a major restructuring of the state-county relationship. The budget proposes a \$5.4 billion transaction designed to expand local control and responsibility, establish appropriate fiscal incentives for performance and cost control, and promote integration of community-based services.
- The budget requires the federal government to recognize its obligations to the State for the cost of illegal immigration. The budget reflects receipt of \$2.3 billion in federal funds to reimburse the State for the cost of federally mandated education, health, and corrections programs provided to illegal immigrants.
- The budget continues the administration's commitment to preventive government. The budget continues support for a number of initiatives begun in 1991, and provides new resources for control of tuberculosis, immunization services, prenatal care, perinatal substance abuse, the Healthy Start program, and the early mental health initiative.
- The budget continues efforts to streamline bureaucracy and reinvent state government operations. The budget proposes implementing pay-for-performance compensation, streamlining civil service personnel practices, eliminating and reorganizing departments, implementing quality management and performance budgeting pilot projects, along with other continuing efforts to improve product quality and customer service.

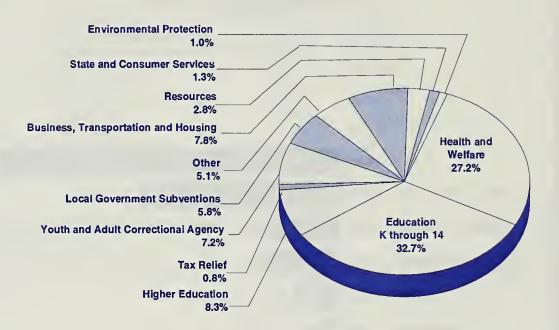
# REVENUES 1994-95 FISCAL YEAR



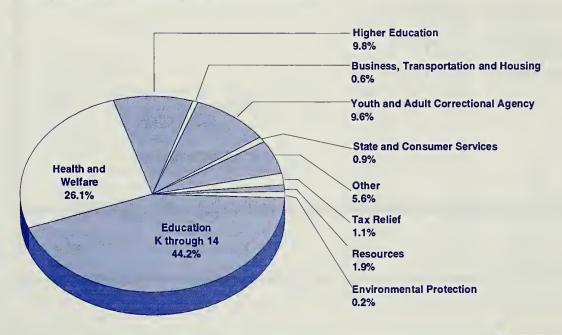


# **EXPENDITURES**1994-95 FISCAL YEAR

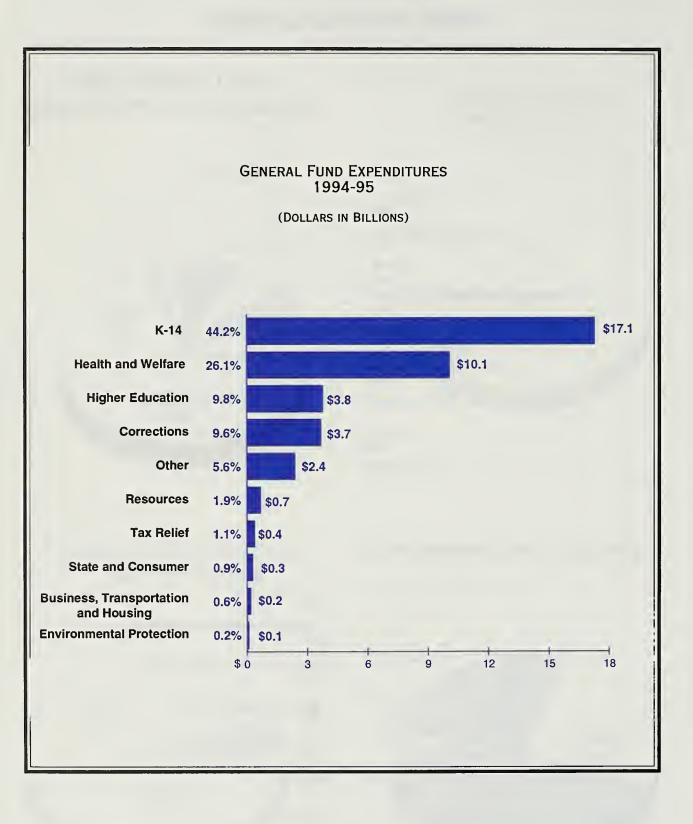
# TOTAL EXPENDITURES (Excluding Selected Bond Funds)



### **GENERAL FUND EXPENDITURES**



# BUDGET OUTLOOK



### 1994-95 FUND SOURCES

(DOLLARS IN THOUSANDS)

	General Fund	Special Funds
Personal Income Tax	\$18,585,000	\$1,800
Sales Tax	12,762,000	3,067,600
Bank and Corporation Tax	5,115,000	5,300
Highway Users Taxes		2,674,496
Motor Vehicle Fees	23,000	4,627,994
Insurance Tax	1,205,000	
Estate Taxes	496,000	
Liquor Tax	277,200	
Tobacco Taxes	170,700	479,800
Horseracing Fees	70,426	39,107
Federal Fund Recovery	1,700,000	
Other	724,305	2,825,157
Total	\$41,128,631	\$13,721,254

# 1994-95 EXPENDITURES BY FUND

(DOLLARS IN MILLIONS)

Function	General Fund	Special Funds	Bond Funds	Total
Education (K-14) Health and Welfare	\$17,140 10,105	\$34 4,178	\$1,598 1	\$18, <b>7</b> 72 14,284
Higher Education	3,782 243	558 3,839	303 379	4,643 4,461
Business, Transportation and Housing Trade and Commerce Agency	39	5,009		4,401
Tax Relief	438			438
Local Government Subventions Youth and Adult Corrections	5 3.743	3,059 11	5 193	3,069 3,947
Resources	722	768	264	1,754
Environmental Protection State and Consumer Services	81 334	470 359	26 36	577 729
Other	<u>2,156</u>	<u>479</u>	1	<u>2,636</u>
Total	\$38,788	\$13,760	\$2,806	\$55,354



### THE NATIONAL ECONOMY

The national economic recovery continued at a moderate pace in 1993, with a pattern of growth which in many respects was a repeat of the previous year. After a slow start—real gross domestic product (GDP) advanced at a less-than 1.5-percent pace during the first half of the year—growth picked up to 2.9 percent in the third quarter and appeared to be in the range of 4 percent during the final months of 1993.

Once again, however, the rate of growth is likely to slacken in the early part of 1994. For one thing, late-1993 gains in consumer spending have outpaced income growth, pointing to a modest retrenchment in retail buying in the months immediately ahead.

This tendency will be reinforced by increased federal taxes, which will mean shrinking paychecks for upper-income households beginning in January. Moreover, since last year's federal tax hikes were retroactive to the beginning of 1993, many will face larger payments when they file federal returns on April 15.

Still, the tax hikes alone do not seem sufficient to derail the national recovery, and overall growth is expected to match last year's estimated 2.8 percent advance. Gains in consumer spending will continue, albeit at a somewhat reduced pace. The aging auto fleet and a variety of new products from Detroit should lead to further gains in new car and light truck sales this year.

The recent rise in housing starts nationwide assures solid increases in residential investment through the first half of the year, a factor which should also boost furniture and appliance sales. Even assuming a leveling of starts by mid-1994, residential investment should nonetheless post a solid 9 percent advance for the full year.

Business investment will continue to emphasize the purchase of labor-saving equipment, especially computers and other office machines. Outlays for nonresidential buildings have probably hit bottom for this cycle and could make a modest contribution to growth in 1994. Inventories seem well balanced with sales, and are likely to have little effect on economic growth this year.

The nation's trade deficit is expected to remain large, especially in the first half of the year. Continuing recessions abroad—especially in continental Europe and Japan—are dampening U.S. export opportunities. At the same time, growth in the domestic economy continues to boost the demand for imported goods. By the second half of this year, modest recoveries overseas should help to narrow the foreign trade deficit.

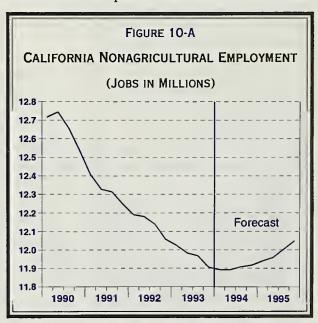
Government should prove to be less of a drag on growth this year than was the case in 1992 and 1993, when real purchases by federal, state and local governments actually declined. This year, rising federal nondefense purchases and improved state and local budget prospects—outside California—should largely offset the continuing drop in defense spending.

An early look at 1995 suggests that growth should remain in the moderate 3 percent range for at least another year. Assuming recovery in Europe and Japan, the foreign sector should provide an extra boost to the U.S. economy. After some slowing this year, consumer spending, especially for nondurable goods, will see a modest pickup. Investment growth may moderate, but will still contribute to economic growth next year.

Modest wage increases, continuing productivity gains, weak nonagricultural commodity prices and a strengthening dollar all point to continued moderate inflation throughout 1994, with slight upward pressure emerging—mainly from overseas—next year. Consumer price increases should roughly match 1992's estimated 2.9 percent advance this year, with the possibility that falling oil prices could even shave the rate by a few tenths of a point.

In 1995, recoveries in other industrial economies may place upward pressure on commodity prices, while national health insurance could add to labor costs. By next year, prices could well be rising in the 3.5 to 4 percent range.

After almost a year-and-a-half of stability, short-term interest rates seem poised to increase in 1994. Federal



### **ECONOMIC OUTLOOK**

funds—overnight deposits traded among banks—have been at three percent since September 1992, but the Federal Reserve is expected to push this rate slowly upward over the course of 1994 in an effort to minimize inflationary pressures. By the end of the year, the federal funds rate could be in the 3.5 to 3.75 percent area and may rise to 4 percent or more in 1995.

Longer-term interest rates will not fully match the rise in money market rates. Fixed-rate mortgages, currently slightly above 7 percent, may inch up to 7.5 percent later this year and perhaps close to 8 percent in 1995.

### THE CALIFORNIA ECONOMY

California has yet to share in the national economic upturn. Throughout 1993, nonagricultural wage and salary employment—the broadest, most currently available measure of regional economic activity—continued to decline. Since reaching a peak in the Spring of 1990, California has lost over 850,000 payroll jobs, making this by far the longest and deepest downturn of the post-World War II era.

As discussed elsewhere in this Budget Summary, huge cuts in defense spending are now recognized as the main source of the recession and the largest obstacle to recovery. This year and for the next several years to come, the principal question in the California outlook is when and

whether other elements in the state's economy can muster sufficient strength to overcome the continuing drag of defense cuts.

This forecast does not contemplate a significant recovery in 1994, but anticipates stabilization of the economy and a modest recovery in 1995. This pattern produces an annual average decline in nonfarm employment of 0.6 percent, an improvement from last year's 1.4 percent drop and the similar 1.5 percent decline in 1992. Next year, employment is forecast to increase a modest 0.7 percent.

Personal income growth in 1993 was held below 1 percent due to tax-driven bonus activity which artificially boosted income in 1992. Following President Clinton's election, bonus and stock option payments added \$5 to \$6 billion to fourth

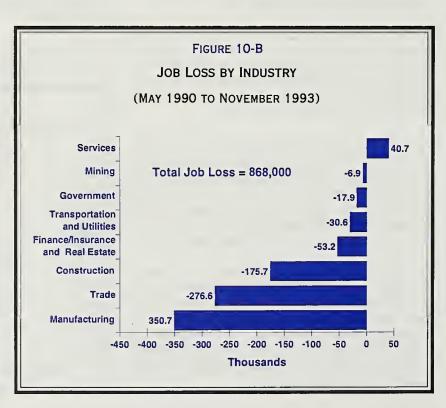
quarter 1992 personal income, as individuals shifted income to avoid promised federal tax increases. With income having fallen sharply in the first quarter, it is clear that this surge was "borrowed" from 1993. It also appears that year-end 1993 bonus activity was weaker than normal, since part of the late-1992 surge reflected the exercise of stock options which would have otherwise occurred in 1993 to 1995.

Personal income is expected to increase 4 percent this year and 5 percent in 1995, reflecting a more normal relationship between employment and income.

The main elements of this forecast include:

- further declines in aerospace and electronics manufacturing, albeit at a reduced pace compared to 1993
- a modest pickup in homebuilding and a stabilization in nonresidential construction
- continuing restructuring in finance, the utilities and air transportation
- slow gains in retail sales and wholesale and retail trade employment

There are some bright spots in the economy which may be sufficient this year to offset the continued drop in defense outlays. These include a small upturn in housing, mainly related to lower interest rates; a continued



### **ECONOMIC OUTLOOK**

recovery in tourism, entertainment and recreation; and—especially late this year and in 1995—improved foreign trade prospects. Business services—mainly temporary employment agencies—and management consulting and research and development, which includes the biotechnology industry, are also expected to contribute to growth this year and next.

California—along with other areas of the nation—continues to experience the effects of corporate downsizing. The need to become more efficient is competitively driven, especially in such industries as electronics, where large increases in sales and production have been accompanied by sharply falling prices. In finance and the utilities, a more market-oriented regulatory structure has prompted efforts to reduce overhead costs. In retailing, discounters and warehouse-type stores are constantly striving to increase sales per employee. Traditional retailers have been forced to cut costs in order to keep pace.

By 1995, it is expected that a substantial portion of this restructuring will have run its course. A more stable situation in finance, the utilities and air transportation, for example, should allow modest gains in total employment by next year.

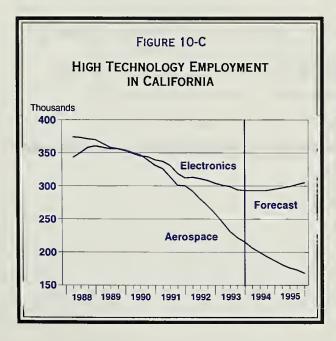
The rate of decline in defense-related aerospace is forecast to moderate slowly over the next several years, from a 17-percent plunge last year, to 14 percent in 1994 and 11 percent in 1995. For one thing, as the absolute size of the industry dwindles—it will have been cut in half from its 1988 peak by late this year—large percentage declines are arithmetically more difficult. In addition, there is evidence that cuts in defense employment are "front-loaded," as firms strive to slash overhead costs, including management and technical staffs, in order to remain profitable in a shrinking market. It is likely that President Clinton's election and his February budget announcement triggered a further reassessment of long-range strategies in many aerospace firms, and was at least partially responsible for the steep drop in employment last year.

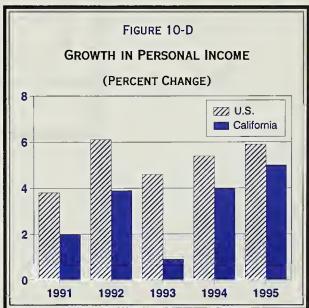
Base closings—the other element of defense cuts—are expected to play a somewhat smaller role in 1994, but could be a renewed source of weakness next year. This year's closure calendar includes Norton Air Force Base in San Bernardino County and most of the San Francisco Presidio. Together, these will directly remove about 10,000 civilian and military jobs from the state.

In 1995, Monterey County's Fort Ord (16,500 jobs), Castle Air Force Base in Merced County (6,400 jobs) and Mare Island Naval Shipyard (9,500 jobs) are all slated to close. All told, the base closure impact will be three times greater in 1995 than this year.

The Clinton Administration's national health plan has not been factored into this forecast. It should be noted that the plan as set out by the administration could have a significant dampening effect on California's economy (as compared to the rest of the nation) for several reasons.

First, a larger proportion of Californians lack health insurance and the state's employers will therefore be more affected by the health insurance mandate. Second, the Clinton plan could further weaken the state's budget





## **ECONOMIC OUTLOOK**

situation as a result of financial maintenance of effort requirements, the creation of new entitlements, and inadequate reimbursement for illegal immigrants' health care costs. Finally, while California is further along in developing a system of managed care—a central element of the Clinton plan—it also means the state will have less in the way of cost savings to wring out of the system.

The plan is expected to be significantly altered before it is enacted. However, enactment of anything closely resembling the Clinton plan, especially its employer mandates and rapid phase-in, must be considered a risk to the California outlook for 1995 and beyond.



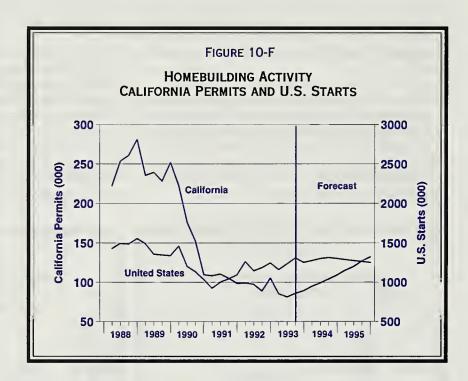


TABLE 10-1				
SELECTED ECONOMIC DATA, 1994 AND 1995				
UNITED STATES	1994	1995		
Real gross domestic product, (1982 Dollar) (Percent change)	2.8	3.4		
Personal consumption expenditures	2.3	3.2		
Gross private domestic investment	6.6	5.6		
Government purchases of goods and services	1.4	0.4		
GDP deflator, 1987=100 (Percent change)	1.9	2.2		
GDP, (Current Dollar) (Percent change)	4.8	5.6		
Personal income (Percent change)	5.4	5.9		
Corporate profits before taxes (Percent change)	7.3	0.9		
Wage and salary employment (Millions)	111.8	114.2		
Percent change	1.5	2.1		
Unemployment rate (Percent)	6.6	6.2		
Housing starts (Thousands)	1,297	1,269		
Percent change	5.7	-2.2		
New car sales (Millions)	9.0	9.0		
Percent change	3.5	0.8		
Consumer price index (1982-84=100)	148.6	154.0		
Percent change	2.9	3.6		
1 order to mange	2.0	0.0		
CALIFORNIA				
Civilian labor force (Thousands)	15,450	15,596		
Percent change	0.8	0.9		
Civilian employment (Thousands)	13,960	14,114		
Percent change	0.5	1.1		
Unemployment (Thousands)	1,490	1,482		
Percent change	3.5	-0.6		
Unemployment rate (Percent)	9.6	9.5		
Wage and salary employment (Thousands)	11,902	11,987		
Percent change	-0.6	0.7		
Personal income (Billions)	\$689.0	\$723.2		
Percent change	4.0	5.0		
Housing units authorized (Thousands)	102	124		
Percent change	19.6	21.4		
Corporate profits before taxes (Billions)	\$47.1	\$50.3		
Percent change	2.8	6.8		
New auto registrations (Thousands)	1,262	1,280		
Percent change	1.3	1.4		
Total taxable sales (Billions)	\$276.9	\$286.6		
Percent change	1.8	3.5		
Consumer price index (1982-84=100)	153.3	159.2		
Percent change	2.7	3.8		
Note: Percentage changes calculated from unrounded data.				



General Fund revenues over the next 18 months are expected to be significantly less than the FY 93–94 Budget Act forecast. By the end of this fiscal year, revenues are expected to total \$39.7 billion which is \$1.2 billion below the FY 92-93 actual collections. The termination of the 0.50 percent State sales tax contributed to this decline. The budget year revenue growth is expected to be up \$1.4 billion (3.5 percent). This is well below the historical average for the State, particularly during a recovery period. Revenues would have been up about \$791 million without the 0.50 percent State sales tax shift to counties and other changes.

The Governor's Budget proposes to reduce the General Fund sales tax rate by 0.50 percent, to 4.50 percent, and transfer that share along with another 0.50 percent share currently dedicated to the Local Revenue Fund to a new Client Services Fund. Other significant proposed changes to FY 94-95 revenues are the return of trial court funding to local government which reduces General Fund revenues by \$296 million, assumption of a State victory in the Barclays/Colgate court case which will add \$600 million in General Fund revenues, and the expectation of federal funds which will reimburse the General Fund by \$1.7 billion. (See Restructuring the State-Local Relationship section for details).

The long term revenue growth will be lower than previous recovery periods since the economic rebound is expected to be sluggish. In addition, the expiration of the 0.50 percent sales tax at the end of 1993 and the resumption of the deduction for net operating losses, which was suspended in 1991 and 1992, will restrict revenue growth during the current and budget period.

Overall, General Fund revenues and transfers represent about 75 percent of the total revenues. The remaining 25 percent are special funds, dedicated to specific purposes. About 53 percent of special funds are related to the operation of motor vehicles, and are dedicated to transportation functions.

Revenue legislation in 1993 focused primarily on providing business incentives to stimulate the economy and improve California's business climate. These incentives included Chapter 880 (AB 34) which provided that net operating losses could be carried forward only five years rather than 15 years but that new businesses would be allowed an eight year carry forward period. In addition, the amount of loss that can be carried forward was increased from 50 percent to 100 percent for businesses with total receipts less than \$1 million and for losses incurred during the first three years of a new business. Chapter 1222 (AB 1438) permitted the assignment of the low–income housing tax credit to affiliated corpora-

tions. Chapter 881 (SB 671) provided a number of business investment incentives. This legislation reduced the Subchapter S corporation tax rate from 2-1/2 percent to 1-1/2 percent, conformed to federal law with respect to the 50 percent deduction for business meals and entertainment expenses, provided a 6 percent tax credit for certain manufacturing equipment, a State sales tax exemption for certain start-up businesses, a State and local exemption for certain purchases related to space launch activities at Vandenberg Air Force base, expanded and extended the research and development tax credit, and established a capital gains exclusion for certain small business investment. Chapter 946 (SB 1176) provided for the double weighting of the sales factor for income apportionment which was intended to establish greater incentives to manufacture in California and sell products outside of the State.

The primary thrust of revenue legislation in 1993 was to create incentives for businesses to locate in California and to expand their operations in this State. Improving the business climate and promoting job growth were the highest priority.

# PERSONAL INCOME TAX - \$18,585,000,000

The California personal income tax, which contributes over 40 percent of all General Fund revenues, is closely modeled after the federal income tax law. It is imposed on net taxable income, that is, gross income less exclusions and deductions. The tax is progressive with rates ranging from 1 to 11 percent. Personal, dependent and other credits are allowed against the gross tax liability.

In addition, taxpayers may be subject to an alternative minimum tax (AMT), which is much like the federal AMT. This feature is designed to ensure that excessive use of tax preferences does not reduce taxpayers' liabilities below some minimum level. The AMT is equal to 8.5 percent of the alternative minimum taxable income that exceeds an exemption amount.

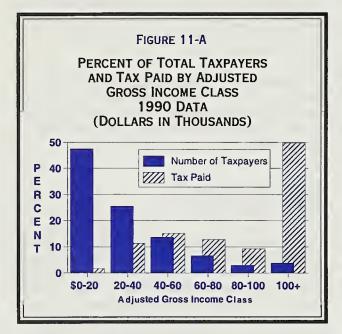
The personal income tax is adjusted annually by the change in the consumer price index to prevent taxpayers from being pushed into higher tax brackets without a real increase in income.

The difficulty of forecasting personal income tax receipts is enhanced by the progressive nature of the tax. One dollar of income on a high-income tax return can generate 11 times the revenue from a dollar on a low-income return. In addition, very high-income taxpayers usually have a great deal of discretion over the realization

### REVENUE ESTIMATES

of income and the timing of deductions. Thus, substantial changes in the portfolios or tax planning of relatively few taxpayers can have a dramatic impact on State revenues. In 1990, for example, the top four percent of State taxpayers, those with adjusted gross incomes of over \$100,000, paid almost 50 percent of the personal income tax.

Even more important to recognize when considering the progressivity of the tax, is the fact that lower income taxpayers, those with adjusted gross incomes of less than \$20,000, paid less than two percent of the personal income tax in 1990; however, they represented almost



50 percent of all California taxpayers. This result is demonstrated in Figure 11-A, which displays the percent of total returns and tax paid by adjusted gross income class. Also important to note is that these statistics do not take into account the number of residents who were not required to file tax returns because their adjusted gross income was below the threshold amount of \$6,000 (single) or \$12,000 (married).

Personal income tax revenue forecasting has also been greatly complicated by federal and State tax changes which made capital gains fully taxable. Capital gains have always been an extremely volatile revenue source; holders of capital assets are predominantly very high income taxpayers, subject to the maximum tax rate, who can time the realization of gains and, hence, the payment of tax, to their own advantage. Year—to—year growth rates in capital gains over the ten—year period prior to tax reform have ranged from a positive 61 percent to a

negative four percent, with an annual average increase of almost 18 percent.

Realization of gains has been even more erratic since tax reform eliminated the exclusion previously allowed capital gains. Sales of capital assets were up nearly 67 percent in 1986 and down over 55 percent in 1987. Now, due to the full taxation of gains and the rapid appreciation of assets during the 1980s, capital gains have the potential of being a much larger proportion of the personal income tax base. In addition, the recently enacted federal rate differential between long—term capital gains and ordinary income is likely to be substantial enough to impact investment decisions. Thus, sales of capital assets have been a significant contributor to the fluctuations of personal income tax revenue over the last few years and will contribute to increased volatility in the future.

The income component of the economic forecast forms the basis for the personal income tax forecast. Capital gains income, which is not part of the national income accounts, is forecast separately by using general economic activity and stock market trends. Real estate activity in the State is also used as a guide.

Personal income tax revenues have been abnormally weak since 1989–90. Revenues actually declined by \$54 million in 1990–91 from the year–earlier level. In addition, if the tax law had not been revised in order to generate additional revenue, receipts for 1991–92 as well as 1992–93 would still be below that level. This is largely a reflection of the depressed economic conditions. Layoffs, wage cuts, interest income declines, and asset deflation have all depressed receipts during the last three years and improvement is expected to be slow.

The realization of capital gains has also been a significant contributor to this weakness. Gains in 1991 were 21 percent below year—earlier levels as the recession hit the California real estate market. This level of capital asset sales is 33 percent below the 1985 level, which was the last normal year before tax reform. For 1992, gains appear to have declined an additional 3 percent, and 1993 gains are estimated to be up only 5 percent.

Overall, personal income tax revenues in 1993–94 are expected to be 2 percent above the prior year level and for 1994–95, receipts are expected to increase 6 percent. The estimate is based on current law, including the December 31, 1993, sunset for the jobs tax credit, recycling equipment credit, and commercial solar system credit and the December 31, 1994, sunset for the employer child care credit. In addition, the estimate has been reduced by \$86 million in the current year and \$100 million in the budget year in recognition of the fact

that taxpayers in 1993 will again be able to utilize net operating losses carried over from prior years following a two-year suspension, and increased by \$10 million in the current year and \$50 million in the budget year in recognition of the personal income tax provisions of Chapter 881, Statutes of 1993.

Forecast revenues for the current and budget years, compared with actual collections in 1992–93, are:

### (Dollars in Millions)

1992-93 (Preliminary)	\$17,232
1993-94 (Forecast)	17,535
1994-95 (Forecast)	18,585

### SALES TAX - \$12,762,000,000

The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas delivered through mains, and electricity, thereby making the tax relatively progressive. In addition, other exemptions provide relief for a variety of sales ranging from custom computer programs to aircraft.

The breakdown of the 7.25 percent rate that is currently imposed on a statewide basis is:

- ❖ 5.00 percent tax rate (General Fund)—Pursuant to Chapter 117, Statutes of 1991, this rate could be reduced by an additional 0.25 percent beginning January 1, 1994, and this reduction would continue each January 1 thereafter, if specified conditions are met. This 0.25 percent rate could be subsequently reinstated if it is determined that the reserve will not exceed 4.00 percent of General Fund revenues. The Governor's Budget proposes to reduce the General Fund share to 4.50 percent effective July 1, 1994, and shift this 0.50 percent rate to a newly created Client Services Fund at the county level (see Restructuring the State-Local Relationship section for details).
- 0.50 percent tax rate (Local Revenue Fund)—Revenue from this tax is currently dedicated to local governments for program realignment. Beginning in 1994–95, the Governor's Budget would dedicate this share, along with an additional 0.50 percent rate formerly credited to the General Fund, to the new Client Services Fund.

- 0.50 percent tax rate (Local Public Safety Fund)— Chapter 73 (SB 509) included a temporary 0.50 percent tax to replace the General Fund 0.50 percent share that expired on July 1, 1993. This tax was dedicated to the Local Public Safety Fund for public safety services, and was in effect from July 1, 1993 through December 31, 1993. On November 2, 1993 the voters approved a Constitutional amendment to extend this tax indefinitely.
- 1.25 percent local tax rate—This tax is imposed by cities and counties pursuant to the Uniform Local Sales and Use Tax Law. Of the 1.25 percent rate, 0.25 percent is dedicated for county transportation purposes and 1.00 percent is for city and county general purpose use.

In addition to the above, the Transactions and Use Tax Law authorizes local governments to impose transactions (sales) and use taxes for general as well as special purpose use, subject to voter approval. The combined transactions and use tax rate for any county is limited to 1.50 percent with the exception of San Mateo and San Francisco Counties, which are authorized to impose a rate of 0.50 and .25 percent respectively, above that limit. San Diego is currently restricted to a 1.00 percent combined rate. Thus, with the noted exceptions, the maximum combined State and local tax rate is currently limited to 8.75 percent for most counties.

Transactions and use tax authority is generally limited to countywide boundaries. However, Chapter 973, Statues of 1991, authorized the City of Calexico to impose a 0.50 percent rate for the purpose of funding the Heffernan Memorial Hospital District. In addition, Chapter 1067, Statutes of 1992, authorized the Fresno Metropolitan Projects Authority, which generally surrounds the City of Fresno, to impose a 0.10 percent rate for the purpose of funding scientific and cultural programs in the Fresno metropolitan area.

A summary of the combined State and local tax rates by county is contained in Table 11-1.

The sales and use tax forecast is prepared by relating taxable sales by type of sale to various economic factors such as disposable personal income, housing starts, new car sales, employment, and inflation. A summary of the forecast for taxable sales is presented in Table 11–2.

Taxable sales in 1992 were basically flat compared to 1991. The only increase experienced was due to the temporary taxation of candy, snack foods and other items per Chapters 85 and 88. In fact, 1992 sales declined 0.6 percent after adjusting for the base expan-

**TABLE 11-1** 

### COMBINED STATE AND LOCAL SALES AND USE TAX RATES BY COUNTY **EFFECTIVE JANUARY 1, 1994**

County	Tax Rate	County	Tax Rate	County	Tax Rate
Alameda	8.25	Marin	7.25	San Mateo	8.25
Alpine	7.25	Mariposa	7.25	Santa Barbara	7.75
Amador	7.25	Mendocino	7.25	Santa Clara	8.25
Butte	7.25	Merced	7.25	Santa Cruz	8.25
Calaveras	7.25	Modoc	7.25	Shasta	7.25
Colusa	7.25	Mono	7.25	Sierra	7.25
Contra Costa	8.25	Monterey	7.25	Siskiyou	7.25
Del Norte	7.75	Napa	7.25	Solano	7.25
El Dorado	7.25	Nevada	7.25	Sonoma	7.50
Fresno a/	7.75	Orange	7.75	Stanislaus	7.25
Glenn	7.25	Placer	7.25	Sutter	7.25
Humboldt	7.25	Plumas	7.25	Tehama	7.25
Imperial b/	7.75	Riverside	7.75	Trinity	7.25
Inyo	7.75	Sacramento	7.75	Tulare	7.25
Kern	7.25	San Benito	8.25	Tuolumne	7.25
Kings	7.25	San Bernardino	7.75	Ventura	7.25
Lake	7.25	San Diego	7.75	Yolo	7.25
Lassen	7.25	San Francisco	8.50	Yuba	7.25
Los Angeles	8.25	San Joaquin	7.75		
Madera	7.75	San Luis Obispo	7.25		

a/7.85 % in the Fresno Metropolitan Projects Authority and its "sphere of influence". b/ The City of Calexico imposes an additional .050 % rate.

taxable sales are expected to be up only 1.8 percent in 1994, increasing to 3.5 percent in 1995. Growth in sales of motor vehicles, representing 14 percent of total sales, are expected to provide moderate strength through the forecast period. (See Figure 11–C) revenues following:

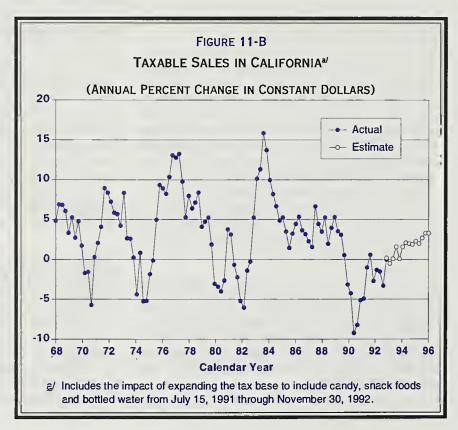
Other adjustments to include

endar year 1994. Overall,

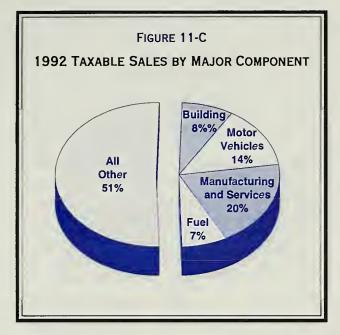
In June 1990, the Supreme Court ruled that direct overhead items purchased under U.S. government cost reimbursement contracts are not taxable. As a result, it is estimated that approximately \$325 million in State revenue, plus interest, will be refunded. The State has issued some refunds and is

sion. During the first half of 1993, actual sales were down 1 percent, primarily due to the reinstatement of the exemptions per Proposition 163 and Chapters 903 and 905. While detail for the third quarter of 1993 is not yet available, based on cash receipts, adjusted sales appear to have risen only 0.8 percent from the prior year. Based on the first prepayment for the fourth quarter 1993, it is estimated that fourth quarter sales will be up only slightly from the prior year. Adjusting for inflation, however, the fourth quarter is estimated to decline by 0.5 percent from the prior year. While these preliminary figures include the impact of the base expansion, they are an indication that taxable sales continue to be weak. Figure 11-B clearly illustrates this condition.

The estimate is based on the assumption that sales will remain lackluster through the end of cal-



## REVENUE ESTIMATES



continuing to pursue solutions for the remaining cases. The budget is based on the assumption that negotiations with related contractors and the federal government and

will be successful and that refunds will be spread over a 5-year period beginning with the 1993-94 fiscal year. Thus, the estimates for both the current and budget years assume \$60 million will be refunded for each year.

As noted previously, Chapter 117 included a 0.25 percent trigger mechanism. It is assumed that this mechanism will not be activated throughout the forecast period.

Current law specifies that certain State revenues from the sales tax on gasoline and diesel fuel sales be transferred to the Transportation, Planning, and Development Account. The combined transfer to this Account during 1993—94 is estimated to be \$200 million, increasing to \$209 million during 1994—95.

General Fund revenues for the current and budget years, compared with actual collections in 1992–93, are:

(Dollars in Mill	ions)
1992–93 (Preliminary)	\$15,042
1993–94 (Forecast)	13,748
1994–95 (Forecast)	12,762

## Bank and Corporation Tax – \$5,115,000,000

Bank and corporation tax revenues are actually derived from four taxes:

The franchise tax and the corporate income tax are levied at a 9.3 percent rate on profits. The former is imposed on corporations for the privilege of doing business in California, while the latter is imposed on corporations which do not do business in the State but which derive income from California sources. These are primarily firms engaged wholly in interstate commerce and holding companies. Subchapter S corporations are taxed at a 1.5 percent rate on profits.

## TABLE 11-2 TAXABLE SALES IN CALIFORNIA

(DOLLARS IN MILLIONS)

	1992 Actual	19 <b>93</b> Forecast	1994 Forecast	1995 Forecast
Motor vehicle dealers, auto				
repairs and parts, etc.	\$37,8 <b>9</b> 8	\$40,157	\$41,919	<b>\$43,</b> 86 <b>3</b>
Percent Change	-0.5	6.0	4.4	4.6
Producers and refiners of				
petroleum, service stations	19,941	1 <b>9</b> ,583	19,236	19,547
Percent Change	6.9	-1.8	-1.8	1.6
Building materials including				
contractors	22,680	22,566	23,135	24,381
Percent Change	-7.2	-0.5	2.5	5.4
Manufacturing and services	52,978	52,838	52,751	53,929
Percent Change	0.4	-0.3	-0.2	2.2
All other retail stores	138,867	136,725	139,857	144,890
Percent Change	1.4	-1.5	2.3	3.6
Total Taxable Sales	272,364	271,868	276,897	286,610
Percent Change	0.6	-0.2	1.8	3.5
Base Adjustment *	-6,322	••		_
Base Taxable Sales	266,042	271.868	276,8 <b>9</b> 7	286,610
Percent Change	-0.6	2.2	1.8	3.5

\* Chapters 85 and 88, Statutes of 1991, repealed the exemptions for candy, snack foods, bottled water, newspapers, periodicals, and common carrier fuel effective July 15, 1991. Proposition 163 reinstated the exemptions for candy, snack foods, and bottled water effective December 1, 1992 and Chapters 903 and 905, Statutes of 1992, reinstated the exemptions for subscription magazines and bunker fuel effective January 1, 1993. It is estimated that State and local governments will lose approximately \$500 million annually as a result of this action. For comparability, the base has been adjusted to exclude the estimated impact of this temporary base expansion.

### REVENUE ESTIMATES

- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all State and local taxes except those on real property, motor vehicles and business licenses. The current rate for this tax is 2.17 percent.
- ❖ The alternate minimum tax is similar to that in federal law. This tax is imposed at a rate of 7 percent beginning with the 1988 tax year. In prior years, California imposed a tax on preference income.
- ❖ A minimum franchise tax of \$800 is imposed on corporations subject to the franchise tax but not those subject to the income tax.

Since the tax is a function of corporate profits, the relationship of California profits to the national corporate profits forecast is important. However, the relationship is not precise because business activity in California may differ from that of the nation. Further, State tax law defines profits differently than standard business accounting, and national profits, as represented by the economic forecast. These economic profits are the net of all gains and losses, whereas reported taxable profits are gains only.

The preparation of the forecast involves consideration of the trend in non-corporate business income, employment, and recent actual cash experience. The reporting of economic data for non-corporate business income is available for California whereas corporate profit data are not. The forecast reflects the economic forecast and recent legislation.

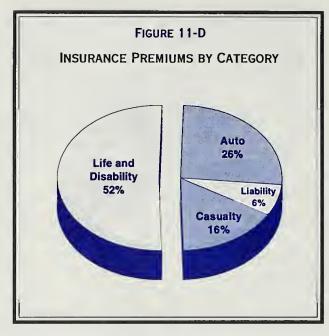
This forecast assumes that the State will be successful with the Barclays and Colgate court cases now before the United States Supreme Court. This results in an additional \$600 million in revenue for FY 94–95.

This forecast also assumes that fees paid into the Unitary Fund by international corporations electing to base their profits on their U.S. rather than worldwide operations will total \$35 million for the current and \$5 million for the budget year. This fee was repealed and payments will phase out.

Forecast General Fund revenues for the current and budget years, compared to actual collections in 1992–93, are:

(Dollars in Millions)

1992–93 (Preliminary) \$4,724 1993–94 (Forecast) \$4,765



1994-95 (Forecast)

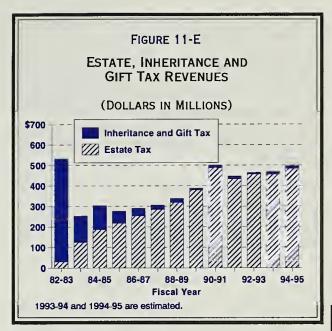
5,115

#### INSURANCE TAX - \$1,205,000,000

The majority of insurance written in this State is subject to a 2.35 percent gross premiums tax. This premium tax takes the place of all other State and local taxes except those on real property and motor vehicles. The basis of the tax is the amount of "gross premiums" received, less return premiums, upon business done in the State, with some exceptions. Insurers transacting title insurance are taxed upon all income received in this State with the exception of income arising out of investments. Ocean marine insurers are taxed upon underwriting profits at a five percent rate. Other exceptions to the 2.35 percent rate include certain pension and profit—sharing plans which are taxed at the lesser rate of 0.5 percent and surplus lines which are taxed at 3 percent.

An annual survey conducted by the Department of Finance is used to project insurance premium growth. Responses are obtained from about 300 insurance companies, accounting for over one–half of the insurance written in California. For 1992, \$50.4 billion in taxable premiums were reported, while the results of the most recent survey data indicate that taxable premiums will total \$52.2 in 1993 and \$54.8 in 1994. Figure 11–D illustrates the proportion of premiums by insurance type, from which the revenue is derived.

The conclusion of litigation is expected to result in refunds of \$45 million in the current year and \$99 million in the budget year. Additional auditors in the



Department of Insurance are expected to augment revenues by \$9 million in 1994–95. The estimated revenues for the current and budget years, compared with preliminary collections in 1992–93 are:

#### **TABLE 11-3** COMPARISON OF PRIOR AND CURRENT TAX RATES PER GALLON Source Prior Current Beer \$0.04 \$0.20 Dry Wine 0.01 0.20 Sweet Wine 0.02 0.20 Sparkling Wine 0.30 0.30 **Distilled Spirits** 3.30 2.00

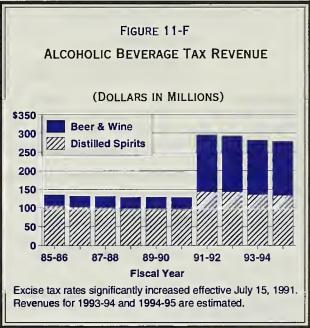
TABLE 11-4							
BEER, WINE AND DISTILLED SPIRITS REVENUE							
(Do	LLARS IN MIL	LIONS)					
	1992-93 Preliminary		1994-95 Forecast				
Beer and Wine Distilled Spirits Total	\$148.7 <u>143.4</u> \$2 <b>9</b> 2. <b>1</b>	\$143.1 _135.9 \$27 <b>9</b> .0	\$143.9 <u>133.3</u> 277.2				

#### (Dollars in Millions)

1992–93 (Preliminary)	\$1,188
1993-94 (Forecast)	1,219
1994–95 (Forecast)	1,205

## ESTATE/INHERITANCE/GIFT TAXES - \$496,000,000

Proposition 6, an initiative measure adopted by the voters on June 8, 1982, repealed the inheritance and gift taxes and imposed an estate tax designed to pick up the maximum credit allowed against the federal estate tax, otherwise known as the "pick up tax." The pick up tax is computed on the basis of the federal "taxable estate"



and tax rates range from 0.8 to 16 percent. This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the federal government. The date of death of the decedent or the date a gift is made determines which tax laws prevail. As a result of Proposition 6, taxes from this source dropped 54 percent between fiscal years 1982–83 and 1983–84.

For State tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 8, 1982, whereas transfers attributable to deaths on or after that date would only be subject to the federal credit. Figure 11–E displays this trend since 1983. Past year

## **REVENUE ESTIMATES**

preliminary revenues and estimates for the current and budget years are:

(Dollars in Millions)	
1992-93 (Preliminary)	\$466
1993–94 (Forecast)	468
1994–95 (Forecast)	496

## ALCOHOLIC BEVERAGE TAXES - \$277,200,000

Taxes on alcoholic beverages are levied on the sale of beer, wine and distilled spirits. The rates, which vary with the type of alcoholic beverage, were increased effective July

15, 1991. Current and prior rates, per gallon, are indicated in Table 11–3.

Alcoholic beverage tax estimates are based on projections of total and per capita consumption for each type of beverage. Total and per capita consumption of all alcoholic beverages are expected to continue declining slightly; declines in per capita consumption are too large to be entirely offset by increases in the drinking—age population.

Total alcoholic beverage tax revenues from 1985–86 through 1994–95 are illustrated in Figure 11–F. Past year actual revenues and estimates for the current and budget years are shown in Table 11–4.

#### **Table 11-5 Tobacco Products Tax Revenue** (Dollars in Millions) 1993-94 1992-93 1994-95 Preliminary **Forecast Forecast** General Fund \$179.3 \$170.7 \$173.3 Special Fund 485.7 479.8 518.3 Total \$691.6 \$665.0 \$650.5

## CIGARETTE TAX - \$170,668,000

The excise tax imposed on distributors selling cigarettes in California was increased to 35 cents per package, effective January 1, 1989, as a result of voter approval of Proposition 99. At the same time, an excise tax on cigars, chewing tobacco, pipe tobacco and snuff was implemented at a rate equivalent to the tax on cigarettes. The cigarette tax was again increased by 2 cents per package effective January 1, 1994 due to the passage of the Breast Cancer Act (Chapter 660, Stats. 1993). Twenty–five

cents of the tax per package of cigarettes, and all of the tax on other tobacco products, are allocated to a special fund for distribution as determined by Proposition 99. Ten cents of the tax per package is allocated to the State's General Fund, with the remaining 2 cents deposited into the Breast Cancer Fund.

Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. The cumulative effect of product price increases, the increasingly restrictive environment for smokers, and State antismoking campaigns funded by Proposition 99 revenues will continue to significantly impact cigarette consumption. Per capita consumption had been declining at an average rate of 3 percent annually from 1983-84 through 1987-88, and then decreased rapidly with the onset of Proposition 99. During fiscal year 1989-90, per capita consumption was 128 packs, compared with 150 in 1987-88. This

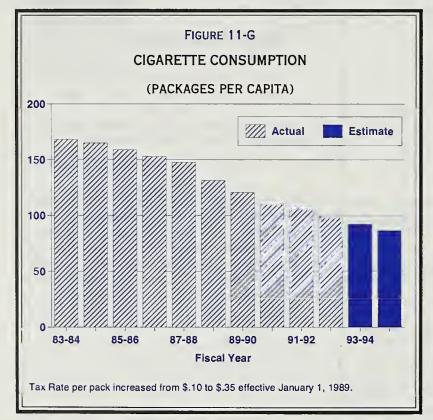


figure equates to a 15 percent decrease in only two years. The estimated increase in the smoking—age population will not offset declining per capita consumption in future years, resulting in declines in total consumption of approximately 6 and 7 percent in the current and budget years, respectively.

Wholesale price data provide the basis for the revenue estimate for other tobacco products. It is estimated that declines in total consumption of other tobacco products will be similar to the projections made for cigarettes.

Per capita consumption of cigarettes, in packs, from 1983–84 through 1994-95, is illustrated in Figure 11–G. Tobacco products tax revenue estimates are shown in Table 11–5.

#### HORSE RACING REVENUE - \$70,426,000

Horse racing revenue comes primarily from license fees imposed on amounts wagered by the public. The license fee revenue schedule is based upon many factors, including the amount wagered, the location of the track, the type of horse racing, the type of wager, and whether or not the wager is made on—track or at a satellite facility. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed parimutuel tickets, occupational license fees, fines, and penalties.

The public may attend the live meets, or watch and wager at off-track facilities that receive the races televised live via satellite. Currently, 31 satellite wagering facilities are operating statewide. In addition, out-of-state betting systems include their wagers in the betting pools of races taking place in California, with the State receiving a share of each dollar bet.

TABLE 11-6							
Horse Racing Revenue							
(DOLLARS IN THOUSANDS)							
1	1992-93 Preliminary	1993-94 Forecast	1994-95 Forecast				
General Fund Fair and Exposition	\$ 75,068	\$ 74,349	\$ 70,426				
Fund Satellite Wagering	25,850	26,14 <b>9</b>	25,966				
Account Wildlife Restoration	12,434	12,391	-				
Fund Total	750 \$114,038	<u>750</u> \$113,682	750 \$109,533				

Racing associations and fairs will present approximately 750 days of racing in 1994, featuring a variety of horse breeds. This is the first year that racing for the harness industry, which typically ran over 150 days annually, has not yet been approved. Harness racing has not been a significant source of revenue to the State, and this is not expected to have a large revenue impact.

Horse racing revenues to the State have declined significantly during the past ten years. Revenues from license fees in 1992 were about equal to what the State received in 1982, due to the shift to wagers at off–track betting parlors. The State license fee for off–track wagers is about one–half the license fee for on–track wagers. For the budget year, wagers and license fees are expected to decline due to lower overall wagering and continuing shifts from on–track to off–track wagering. Table 11–6 provides information on the distribution by fund of receipts from horse racing.

#### SPECIAL FUND REVENUE

The California Constitution, codes and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, special fund revenues comprise three categories of income:

- Receipts from tax levies which are allocated to specified functions, such as motor vehicle taxes and fees.
- Charges for special services to specific functions, including such items as business and profession license fees.
- Rental royalties and other receipts designated for particular purposes—for example, oil and gas royalties.

Motor vehicle related taxes and fees account for 53 percent of all special fund revenue. Principal sources of this income are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During the 1993–94 fiscal year, \$7.1 billion will be derived from the ownership or operation of motor vehicles. Approximately \$3.9 billion of this revenue will be returned to local governments. The remainder will be available for various State programs related to transportation and services to vehicle owners.

Chapter 85, Statutes of 1991, created a new special fund for the purpose of local program realignment. Revenue attributable to a 0.50 percent sales tax rate is transferred to this Local Revenue Fund. During 1992-93, it is estimated that local governments will receive almost

### REVENUE ESTIMATES

\$1.4 billion from this revenue source. In addition to this revenue, approximately 25 percent of all vehicle license fees are transferred to this fund.

The Governor's Budget proposes to create a Client Services Fund that would receive revenues attributable to 1 percent of the State sales tax rate. The overall State tax rate would not change, but rather the Local Revenue Fund and 0.50 percent from the General Fund rate would now contribute to this new fund. During 1994–95, almost \$2.9 billion would be allocated to this new fund (see Restructuring the State-Local Relationship section for details on this proposal).

On November 2, 1993, the voters approved a Constitutional amendment that allows another 0.50 percent sales tax rate to continue beyond its December 31, 1993 expiration date. The revenue from this portion of the sales tax is dedicated to local public safety services. Local governments should receive almost \$1.5 billion in 1994-95 for public safety services.

Funds from the Proposition 99 increase in tobacco related taxes are allocated to a special fund for distribution to a variety of accounts as determined by the measure. Receipts for this fund are estimated at \$468 million in the current year and \$445 million in the budget year. An additional \$18.1 million for breast

cancer research will be generated in the current year by the 2 cent per pack cigarette tax increase enacted in 1993, while \$34.4 million will be generated in the budget year for this purpose.

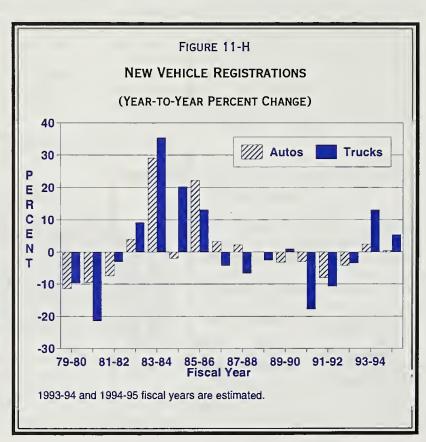
## MOTOR VEHICLE FEES - \$4,650,994,000

Motor vehicle fees consist of vehicle license, registration, weight, driver's license and various other fees and charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. All of the revenues from this tax, other than administrative costs and fees on trailer coaches and mobilehomes, are constitutionally dedicated to local governments.

The vehicle license fee is calculated on the vehicle's "market value", which is the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on an 11-yeardepreciation period; an 18-year depreciation period is used for trailer coaches. A two percent rate is applied to the depreciated value to determine the fee. Thus, revenue from this source is contingent on the number of vehicles in the State, the ages of those vehicles and their original prices.

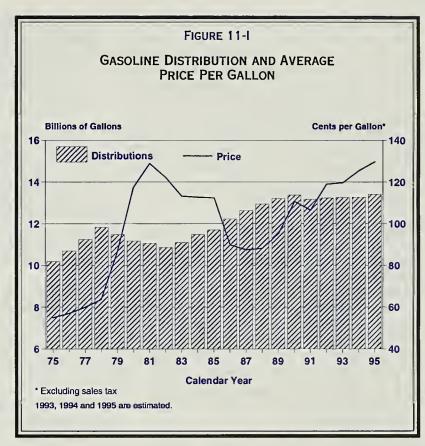
TABLE 11-7						
MOTOR VEHICLE FEES REVENUE						
(In Thousands)						
1992-93 1993-94 1994-95 Preliminary Forecast Forecast						
Vehicle License Fees Realignment Registration, Weight	\$2,249,852 713,852	\$2,326,474 732,900	\$2,347,564 738,400			
and Other Fees Total	1,494,727 \$4,458,431	1,530,430 \$4,589,804	1,565,030 \$4,650,994			

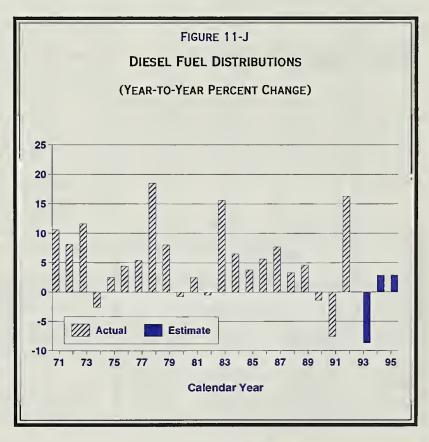


The Department of Motor Vehicles administers the VLF for trailer coaches that are not installed on permanent foundations. Those which are installed on permanent foundations (mobilehomes) are subject to either local property taxes or the VLF. Generally, if the mobilehome was purchased new prior to July 1, 1980, it is subject to the VLF which, in this instance, is administered by the Department of Housing and Community Development rather than the Department of Motor Vehicles. All other mobilehomes are subject to the local property tax. Chapter 699, Statutes of 1992, provided that all trailer coach license fees that are administered by the Department of Motor Vehicles be deposited in the General Fund. All other license fees are transferred to local governments.

Allowing for scrappage and for vehicles entering and leaving the State, total fee-paid registrations (autos, trucks, trailers, and motorcycles) including a proportional factor for multi-state vehicles at year end are estimated at 24,117,358 for 1993–94, dropping to 24,057,510 for 1994–95. Total registrations declined from 1992–93 to 1993–94, also. Year–over–year declines in vehicle registrations have not been observed since the 1982 recession.

As can be seen in Figure 11-H, there has been virtually no growth in new automobile and commercial truck registrations since 1985-86. The recession is clearly evident by 1990-91, where new autos and trucks declined 3.0 percent and 17.8 percent, respectively, from the prior year. The forecast assumes that new vehicle registrations will grow slightly in the current and budget years. It is important to note, however, that even with stronger new vehicle sales, the vehicle license fee revenue base will be dampened for several years due to the mix of fewer, lower valued, one to three year old vehicles in the base.





### REVENUE ESTIMATES

Effective August 1, 1991, Chapter 87, Statutes of 1991, revised the vehicle license fee depreciation schedule, imposed a 2.2 percent surcharge on those license fees for a period of one year, and required the Department of Motor Vehicles to reclassify used vehicles based upon their actual purchase price each time the ownership of the vehicle is transferred. All of the revenue from this base change is transferred to local governments for the purpose of funding program realignment. During 1993–94, it is estimated that local governments will realize \$732.9 million from this revenue source, increasing to \$738.4 million during 1994–95.

Vehicle registration fees are levied at a flat rate of \$28 (\$27 after January 1, 1995) on all motor vehicles, trailers, semi-trailers and certain types of dollies. Trucks and trailers are also subject to fees based on their unladen vehicle weight. Proposition 111, which was approved by the voters in November 1990, increased the weight fees for vehicles with an unladen weight of more than 4,000 pounds by 40 percent effective August 1, 1990, with an additional 10 percent increase effective January 1, 1995. Consistent with the slowdown that has been evidenced in new truck registrations and diesel fuel consumption, these fees have been significantly impacted by the recession.

Motor vehicle fees revenue is summarized in Table 11-7.

## MOTOR VEHICLE FUEL TAXES – \$2,674,496,000

The motor vehicle fuel license tax (gasoline) and the use fuel tax (diesel) provide the major sources of funds for maintaining, replacing and constructing State highway and transportation facilities. Close to one—half of these revenues are apportioned to local jurisdictions for streets and highway use.

# TABLE 11-8 MOTOR VEHICLE FUEL TAX REVENUE (DOLLARS IN THOUSANDS)

	1992-93 Preliminary	1993-94 Forecast	1994-95 Forecast
Gasoline	\$2,178,309	\$2,295,132	\$2,354,802
Diesel	289,970	300,455	319,694
Total	\$2,468,279	\$2,5 <b>9</b> 5,587	\$2,674,496

The gas tax is imposed on the distribution of gasoline and other flammable liquids. Distributions of diesel fuel, liquid petroleum gas (LPG), alcohol fuel and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 18 cents per gallon. Aircraft jet fuel is taxed at 2 cents per gallon.

The use fuel tax is imposed on diesel fuel, LPG, natural gas and alcohol fuel for use on State highways. The current tax rates are 18 cents per gallon of diesel fuel, 7 cents per 100 cubic feet of compressed natural gas, 6 cents per gallon of LPG or liquid natural gas and 8.5 cents per gallon of alcohol fuel. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Gasoline consumption and tax revenues are sensitive to the retail price of fuel. (See Figure 11–I). The impact of the Persian Gulf War on gasoline prices is evident during 1990 where seasonally adjusted prices jumped from \$.96 per gallon for the first quarter of the calendar year to \$1.32 for the fourth quarter. This increase was short—lived, however, and prices had declined to \$1.02 per gallon by the second quarter of 1991. Since that time, prices have fluctuated in the \$1.15 to \$1.20 range and by the fourth quarter of calendar year 1994, are estimated to be around \$1.25 per gallon.

The weaker economy has also impacted the consumption of gasoline, which declined 1.5 percent and 0.7 percent during calendar years 1991 and 1992, respectively. This is the first drop in consumption since the 1982 recession.

The majority of diesel fuel is consumed by the commercial trucking industry and, as a result, consumption is impacted more by the general health of the economy than price. As can be seen in Figure 11–J, diesel fuel consumption declined 7.6 percent in calendar year 1991, but surged 16.3 percent in 1992. State efforts at curbing tax evasion are thought to be partially responsible for the increase, but this revenue is still quite volatile on a quarterly basis.

Gasoline consumption is estimated to be relatively flat over the forecast period, increasing 0.6 percent during the 1993–94 fiscal year and 0.1 percent during 1994-95. For the same time period, diesel fuel consumption is estimated to decrease 3.2 percent and increase 2.9 percent, respectively.

Proposition 111, which was enacted June 1990, increased gasoline and diesel fuel tax rates by 5 cents per gallon effective August 1, 1990, with an additional 1

cent per gallon increase each January 1 thereafter for four years, bringing the tax rate to 18 cents per gallon effective January 1, 1994. This increase is estimated to generate \$1,243 million during 1993–94 and \$1,334 million during 1994–95 for transportation purposes.

Motor vehicle fuel revenues are shown in Table 11-8.

Table 11-9

SUMMARY OF STATE TAX COLLECTIONS
(EXCLUDES DEPARTMENTAL, INTEREST AND MISCELLANEOUS REVENUE)

	Per Capita	State Tax Co		Taxes Per	Capitai <sup>/1</sup> of	Personal I	er \$100 ncome/3
	Personal Income	General Fund	Total	General Fund	Total	General Fund	Total
1967-68	3,849	3,558	4,676	\$185.55	\$243.86	\$4.82	\$6.34
1968-69	4,165	3,963	5,173	203.94	266.21	4.90	6.39
1969-70	4,484	4,126	5,409	208.96	273.94	4.66	6.11
1970-71	4,738	4,290	5,599	214.08	279.41	4.52	5.90
1971-72	4,954	5,213	6,599	256.22	324.34	5.17	6.55
1972-73	5,353	5,758	7,229	279.72	351.18	5.23	6.56
1973-74	5,826	6,379	7,877	305.67	377.45	5.25	6.48
1974-75	6,423	8,045	9,574	379.95	452.16	5.92	7.04
1975-76	6,934	9,069	10,710	421.07	497.26	6.07	7.17
1976-77	7,630	10,781	12,525	491.48	570.98	6.44	7.48
1977-78	8,339	12,952	14,826	579.46	663.30	6.95	7.95
1978-79	9,365	14,188	16,201	621.30	709.45	6.63	7.58
1979-80	10,523	16,860	19,057	724.94	819.41	6.89	7.79
1980-81	11,688	17,808	20,000	748.80	840.97	6.41	7.20
1981-82	12,840	19,109	21,556	787.09	887.88	6.13	6.91
1982-83	13,014	19,579	22,375	789.32	902.04	6.07	6.93
1983-84	14,133	22,309	25,685	880.49	1,013.73	6.23	7.17
1984-85	15,391	25,515	29,038	988.34	1,124.81	6.42	7.31
1985-86	16,340	26,982	30,916	1,021.93	1,170.93	6.25	7.17
1986-87	17,131	31,331	35,368	1,158.18	1,307.41	6.76	7.63
1987-88	17,912	31,231	35,616	1,126.78	1,284.99	6.29	7.17
1988-89	18,794	35,647	40,619	1,255.49	1,430.60	6.68	7.61
1989-90	19,719	37,248	43,046	1,278.16	1,477.11	6.48	7.49
1990-91	20,665	36,827	43,530	1,228.55	1,452.16	5.95	7.03
1991-92	20,612	40,027	48,973	1,306.11	1,598.02	6.34	7.75
1992-93	20,977	40,946	52,526	1,308.18	1,678.15	6.24	8.00
1993-94/	20,759	39,743	52,200	1,245.63	1,636.06	6.00	7.88
1994-95/	21,188	41,129	54,850	1,264.73	1,686.65	<b>5.</b> 97	7.96

Per Capita computations are based on July 1 populations estimates, benchmarked to the 1990 Census.

<sup>&</sup>lt;sup>2</sup> Personal income data is on a calendar year basis (e.g., 1987 for FY 1987-88).

<sup>3/</sup> Taxes per \$100 personal income computed using calendar year personal income e.g. 1987 income related to 1987-88 tax collections.

**TABLE 11-10** 

#### OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1994

			Administering	
Major Taxes and Fees	Base or Measure	Rate	Agency	Fund
Alcoholic Beverage Excise Taxe	es:			
Beer	Gallon	\$0.20	Equalization <sup>1</sup>	General
Distilled Spirits	Gallon	\$3.30	Equalization	General
Dry Wine	Gallon	\$0.20	Equalization	General
Sweet Wine	Gallon	\$0.20	Equalization	General
Sparkling Wine	Gallon	\$0.30	Equalization	General
Hard Cider	Gallon	\$0.20	Equalization	General
Bank and Corporation:				
General Corporation	Net income	9.3%2	Franchise <sup>3</sup>	General
Sub-Chapter S Corporation	Net income	1.5%	Franchise	General
Bank & Financial Corporation	Net income	11.47%	Franchise	General
Altemate Minimum Tax	Alternate Taxable Income	7.0%	Franchise	General
Tobacco:				
Cigarette	Package	\$0.35⁴	Equalization	Cigarette Tax, Cigarette and Tobacco Products Surtax, and General
Other Tobacco Products	Wholesale price	23.03%	Equalization	Cigarette and Tobacco Products Surtax
Energy Resources Surcharge	Kilowatt hours	\$0.0002	Equalization	Energy Resources Surcharge Fund
Horse Racing License	Amount wagered 0	).5-6.45%	Horse Racing Board	Fair & Expo <sup>5</sup> , Satellite Wagering <sup>6</sup> , Wildlife Restoration and General
		0-100%	Horse Racing Board	General
Estate	Taxable Federal estate	0.8-16%	Controller	General
Insurance	Gross Premiums	2.35%7	Insurance Department	General
Liquor license fees Motor Vehicle:	Type of license	Various	Alcoholic Beverage Control	General
Vehicle License Fees	Market value	2.0%	Motor Vehicle Dept	Motor Vehicle License Fee and Local Revenue <sup>8</sup>
Fuel—Gasoline	Gallon	\$0.18	Equalization	Motor Vehicle Fuel <sup>9</sup>
Fuel—Diesel	Gallon	\$0.18	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	\$27.00	Motor Vehicle Dept	Motor Vehicle <sup>10</sup>
Weight Fees	Unladen weight	Various	Motor Vehicle Dept	State Highway <sup>11</sup>
Personal Income	Taxable income	1-11%	Franchise	General
Alternate Minimum Tax	Alternate Taxable Income	8.5%	Franchise	General
Private Railroad Car	Valuation	12	Equalization	General
Retail Sales and Use	Receipts from sales or lease of taxable iten	5.50% ns	Equalization	General, State Transportation Fund, & local revenue fund

Source: State of California, Department of Finance

- 1 State Board of Equalization.
- <sup>2</sup> Minimum tax \$800 per year.
- Franchise Tax Board
- <sup>4</sup> This tax is levied at the combined rate of 10 cents per pack of 20 for the cigarette tax and 25 cents per pack for the cigarette and tobacco products surtax.
- <sup>5</sup> For support of county fairs and other activities.
- <sup>6</sup> For construction of Satellite Wagering Facilities and health and safety repairs at fair sites.
- Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans and surplus lines.
- <sup>8</sup> For return to cities and counties. Trailer coach license fees are deposited in the General Fund.
- <sup>9</sup> For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.
- 1º For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.
- 11 For state highways and State Department of Motor Vehicles administrative expense.
- <sup>12</sup> Average property tax rate in the State during preceding year.

**TABLE 11-11** 

## COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 1994-95 INCLUDES BOTH GENERAL AND SPECIAL FUNDS

#### (DOLLARS IN THOUSANDS)

Year Ending June 30	Sales and Use	Personal Income	Bank and Corporation	″Tobacco∕b	Estate Inheritance and Gift <sup>/c</sup>	Insurance	Alcoholic Beverage	Horse Racing <sup>#</sup>	Motor Vehicle Fuel <sup>/9</sup>	Vehicle Fees <sup>/h</sup>
1971	1,808,052	1,264,383	532,091	239,721	185,699	158,423	106,556	64,601	674,635	513,202
1972	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	69,380	712,426	547,845
1973	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	72,693	746,196	596,922
1974	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	78,289	742,702	644,448
1975	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	86,637	752,234	664,453
1976	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	96,117	766,555	749,936
1977	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	102,702	810,321	807,782
1978	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	111,591	850,181	924,410
1979	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	112,856	896,591	1,021,856
1980	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	127,002	852,752	1,096,640
1981	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	129,779	839,994	1,127,293
1982	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	119,626	833,446	1,373,354
1983	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	120,159	928,633	1,614,993
1984	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	141,001	1,213,167	1,906,290
1985	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	133,814	1,159,637	2,137,326
1986	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	131,592	1,194,172	2,515,295
1987	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	131,733	1,245,881	2,692,835
1988	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	132,208	1,293,254	2,966,334
1989	12,650,893	15,889,179	5,138,009	559,617	335,091	1,317,630	128,264	143,379	1,320,512	3,139,011
1990	13,917,771	16,906,568	4,965,389	787,076	388,527	1,167,684	128,523	147,920	1,349,146	3,305,711
1991	13,839,573	16,852,079	4,544,783	745,074	498,774	1,287,152	129,640	148,279	1,987,203	3,495,194
1992	17,582,575	17,242,816	4,537,964	726,064	446,696	1,167,307	321,351	129,364	2,458,513	4,370,738
1993	16,611,816	17,233,571	4,777,319	691,281	466,346	1,188,181	292,107	114,038	2,468,279	4,458,431
1994 *	16,059,324	17,536,800	4,800,300	665,038	468,000	1,219,000	279,000	113,682	2,595,587	4,589,804
1995 *	14,380,000	18,586,800	5,120,300	650,500	496,000	1,205,000	277,200	109,533	2,674,496	4,650,994

- Proposition 99 (November 1988) increased the cigarette tax to \$0.35 per pack and added an equivalent tax to other tobacco products. The rate increased to \$0.37 per pack effective January 1, 1994.
- Proposition 6 (June 1982) repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit effective for decedents dying on or after June 8, 1982.
- The conclusion of litigation resulted in additional revenue of \$51 million in 1987-88, \$178 million in 1988-89, \$7 million in 1990-91, \$5 million in 1991-92, and is estimated to result in refunds of \$45 million in 1993-94 and \$99 million in 1994-95
- Alcoholic beverage excise taxes were significantly increased effective July 15, 1991.
- Beginning in 1988-89, includes revenues from satellite wagering that were not included in prior years.
- Motor vehicle fuel tax (gasoline), use fuel tax (diesel), and liquefied petroleum gas.
- Registration and weight fees, motor vehicle license fees, and other fees.
- \* Estimated



Investment in California's children through quality education remains a top priority of this Administration. In keeping with this commitment, the 1994-95 Governor's Budget provides funding in excess of the Proposition 98 funding guarantee to maintain the prior year level of per-pupil funding.

The 1994-95 Governor's Budget proposes to maintain the 1993-94 funding per pupil expenditures of \$4,217, by proposing \$336 million in excess of the minimum Proposition 98 funding guarantee. (See Table 12–1.) K–12 funding has remained stable while most other State programs have been reduced. Total funding from all sources has increased \$4.1 billion (16.5 percent) since 1990-91.

#### **TABLE 12-1**

#### K-12 Funding per Pupil Proposition 98 and Related Funding

(DOLLARS IN THOUSANDS)

	1992-93	1993-94	1994-95
General Fund Loan Repayment IDDA/EPDA Local Revenue Reversion Non-Prop 98 Loan	15,388,381 -1,083,000 8 <b>9</b> ,374 6,400,354 -24,727 732,000	12,64 <b>9</b> ,840 -1 <b>9</b> 0,221 - 8,672,705 - 608.691	14,206,55 <b>9</b> 8,120,305
Total Proposition 98 ADA	21,502,382 5,064,887	21,741,015 5,155,6 <b>9</b> 0	22,326,864 5,2 <b>9</b> 4,4 <b>9</b> 0
Dollars Per ADA	4,245	4,217	4,217

As indicated in Table 12–2 and Figure 12–A, revenue for support of K-12 education comes from various sources. Approximately 56.2 percent (\$16.4 billion) is provided by the State. Another 29.2 percent (\$8.5 billion) comes from local taxes. The remaining 14.6 percent comes from the federal government (\$2.4 billion) and from miscellaneous local sources (\$1.8 billion). Total revenues for K-12 in the proposed 1994-95 Governor's Budget will increase by approximately 2.5 percent, or \$705.9 million, for a 1994-95 total revenue of \$29.1 billion.

Of the funding reported by the schools from their general fund, schools are spending about 61 percent of their revenue on classroom instruction, 14 percent on transportation, pupil services and other general fund, 9 percent on maintenance and operations, and 16 percent on administration. As used in Figure 12–B, the costs are those reported to the State by schools using the definitions specified in the California School Accounting Manual.

Total average daily attendance (ADA) is estimated to be 5,623,546 in 1994-95, an increase of 138,600 (2.5 percent) over the prior year. As indicated in Table 12–3, over the ten-year period beginning with 1992-93, K–12 enrollment is expected to grow by almost 30 percent. The make-up of the K-12 population has changed over the last five years, as evidenced in Table 12–4. The data shown here indicates significant changes in the composition of the student population in our public schools.

The budget proposes funding for the 1992-93 deficiencies of \$111 million for school district apportionments

#### TABLE12-2

#### TOTAL REVENUE FOR K-12 EDUCATION

(DOLLARS IN MILLIONS)

									Cha	
	Source of Funds	1988-89	9 1989-90	1990-9	1 1991-9	2 1992-93	1993-94	1/ 1994-951/	Amount	Percent
	State General Fund <sup>2/</sup>	13,841	14,682	15,4 <b>9</b> 8	16,266	16,249	14,580	15,780	1,200	8.2
ı	Lottery Fund	834	78 <b>9</b>	620	399	501	541	541	_	
1	Other State Funds	80	114	78	115	47	5 <b>9</b>	53	-6	-10.2
ı	Federal Funds	1,479	1,589	1,780	1983	2,137	2,364	2,404	40	1.7
	Local Property Taxes	4,117	4,521	5,007	531 <b>9</b>	6,477	8,769	8,202	-567	-6.5
	Local Debt Service Taxes	302	303	305	317	319	321	323	2	.6
	Local Miscellaneous	1,608	_1,876	1,723	<u>1,733</u>	1,767	1803	_1,83 <b>9</b>	<u>36</u>	2.0
	Total Revenue	22,261	23,874	25,011	26,132	27,4 <b>9</b> 7	28,437	2 <b>9</b> ,142	705	2.5
	Unduplicated ADA	4,735,831	4,899,319	5,08 <b>9</b> ,112	5,248,505	5,3 <b>9</b> 1,752 5	5,484, <b>9</b> 46	5,623,546	138,600	<b>2.</b> 5

<sup>1/</sup> Estimated.

<sup>&</sup>lt;sup>2</sup> State general Fund is adjusted to reflect local expenditures for the year in which the funds were received.

K-1	2 ENROLLMEN	г
	Enrollment	Growth Rate
1992-93	5,089,808	1.76
1993-94	5,177,000	1.71
1994-95	5,316,000	2.68
1995-96	5,500,000	3.46
1996-97	5,693,000	3.51
1997-98	5,879,000	3.27
1998-99	6,059,000	3.06
1999-2000	6,238,000	2.95
2000-01	6,419,000	2.90
2001-02	6,603,000	2.87

and \$10 million for special education. This funding is consistent with the Governor's commitment to maintain general purpose revenue limit funding at the level estimated to have been funded at the time the 1992 Budget Act was signed. It should be noted that the resulting change in per-pupil funding levels from 1992-93 to 1993-94 is also consistent with agreements reached during the 1993-94 budget enactment process.

GOVERNOR'S INITIATIVES

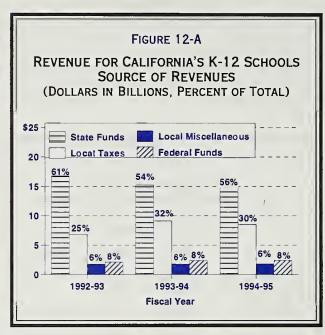
For more than a decade, arguments over how to improve our schools have focused on pieces of the complex mosaic that constitutes our public education system. The 1994-95 Governor's Budget reflects the Governor's commitment to an inclusive search for solutions and constructive improvements for our school children.

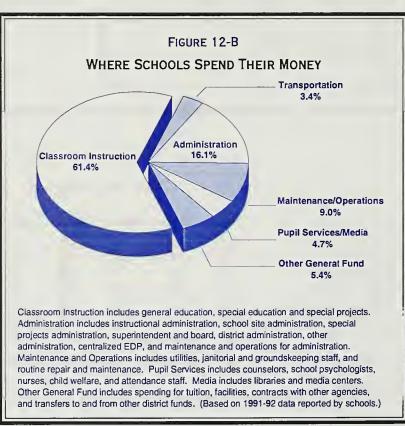
As part of that search, the Governor has invited the non-partisan Education Commission of the States (ECS) to examine California's public schools, with the hope that ECS can achieve here what it has accomplished in other States—bringing all interested individuals and organizations together to work toward a consensus reform agenda. The Governor has requested ECS recommendations by August 30, 1994.

In addition, the budget includes funding for several key reforms that are so critical the Administration cannot wait until next fall to make a proposal. The

most important of these is for improved school safety, for which the budget includes \$23 million.

School Safety Initiative. Last fall, several legislative efforts were enacted which began the important process of ensuring that our children will have a safe environ-





Source: Department of Finance, Demographic Research Unit.

3'Change from 1988-89 to 1992-93.

<sup>2</sup> Source: California Department of Education, Demographic Unit.

ment in which to learn. First, Chapter 435, Statutes of 1993, provided local school boards the authority to enact dress codes that would restrict wearing of gang-related clothing. Second, Chapter 1257, Statutes of 1993, strengthened existing law with respect to teacher assaults, by requiring notification whenever a student with a previous history of violence against teachers is enrolled in a new school. Finally, Chapters 1255 and 1256, Statutes of 1993, addressed the issue of the expulsion of students who bring weapons to school.

		TABL	E 12-4				
Pi	COMPOS ERCENT (			STUDEN ENROLL			
ETHNICITY"	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	Change From 1988-89
White (non-Hispanic) Hispanic African American Asian or Pacific Islander Filipino	48.8 31.3 8.8 8.1 2.2	47.2 32.9 8.6 8.3 2.2	45.7 34.3 8.5 8.5 2.2	44.5 35.3 8.5 8.6 2.3	43.5 36.1 8.5 8.7 2.4	42.5 36.8 8.5 8.9 2.5	-12.91 17.57 -3.41 9.88 13.64
American Indian/Alaskan Native Total Percentage	0.8 100	0.8 100	<u>0.8</u> 100	<u>0.8</u> 100	<u>0.8</u> 100	0.8 100	·
Limited English Proficiency <sup>2/</sup>	16.1	18.1	19.9	21.1	22.2	23.0	42.9
Aid to Families with Dependent Children (AFDC) <sup>27</sup>	n- 15.7	15.5	16.4	17.8	18.8	N/A	19.7 <sup>3</sup>

The Governor's Budget builds on those important efforts.

- \* First, the budget proposes \$20 million for "zero-tolerance" of weapons and drugs on or near the schoolyard. The Governor has proposed mandatory expulsion from campus for any student bringing weapons or drugs to school. However, to ensure that the problems these students create are not merely transferred from the schools to the community at large, the Governor is also proposing that those students be transferred and enrolled in alternative education programs, such as community schools, juvenile court schools, or if appropriate, continuation schools which are on a separate campus.
- Second, the Governor has proposed that juveniles aged 14 or older who are charged with shooting or other serious crimes of violence be tried as adults. He has also proposed enhancement of penalties for the selling or giving of handguns to individuals under 18 years of age. He has also endorsed the Attorney General's weapons hotline and efforts to resuscitate the school crime report required under existing law.
- Finally, the budget includes \$3 million for a program to provide training in conflict resolution to local school staff and students. This program will include training on hate crime awareness and resolution.

Parent/Mentor Involvement. The most important educational influence on children is their parents. The Governor has encouraged school personnel to do everything in their power to encourage parental involvement. Unfortunately, some parents either cannot or will not fulfill that responsibility. In recognition of those instances, the budget proposes \$5 million to fund the Volunteer Mentor Program, authorized by Chapter 901, Statutes of 1992.

Standards, Testing, and Accountability. Governor Wilson signed legislation in 1991 that established the California Learning Assessment System (CLAS). CLAS is the most ambitious testing program in the country and it will provide the necessary standards for parents to know how well their children are progressing. The budget includes an \$8 million augmentation for expansion of CLAS in order to accelerate its development for both performance-based assessment and individual scoring. This expansion will yield reliable individual student scores in the core academic areas of reading, writing and math at the fourth, eighth, and tenth grades. Pilot testing and school-level testing in social sciences and science will be expanded for fifth, eighth and tenth grades. Funding will be provided for continued development of a fourth-grade Spanish language exam, for development of additional exams in the Golden State program for secondary academic courses and for development of end-of-course exams in secondary vocational education courses. In addition, the review and approval of privately

developed standardized exams will be initiated; this will allow school districts to compare results of their district-funded testing programs to the results provided by the statewide assessment program.

In addition, the budget includes \$1 million for support of the increased oversight role of the county offices of education for the fiscal health of school districts that was begun under Chapter 1213, Statutes of 1991 (AB 1200), and recently expanded under Chapter 924, Statutes of 1993 (AB 1708).

Expanded Public School Choice and Availability of Charter Schools. Last fall, the Governor signed legislation that allows for both inter- and intra-district choice in the public schools. In 1992, the Governor signed landmark legislation that allows for schools to be "chartered" with a minimum of existing requirements. In combination, these efforts allow for what could be the most comprehensive array of public school choice in the nation.

However, under existing law, there are unnecessarily restrictive conditions placed on the number of children who can take advantage of inter-district choice, and the number of charters allowable is limited to 100 schools. The Administration supports relaxing or eliminating those restrictions so that parents, students, teachers, principals, and the school boards can have the maximum flexibility to design their own educational programs.

Reducing the Administrative Burden. The current school financing system includes more than 60 separate categorical programs that earmark funding for everything from environmental education to schoolbus replacement. They require too many people to spend too much time filling out too many forms. The Administration proposes enactment of legislation that will allow districts to pilot-test categorical streamlining. This streamlining will encompass program compliance issues as well as allowable use of these funds.

Alternative Credentialing for Aerospace and Defense Personnel. California's aerospace and defense industries offer many highly trained individuals looking for new opportunities to contribute to their communities. In particular, the real life experience of those individuals in applying mathematics and science can bring real excitement to the teaching of these subjects. The Governor has requested the Commission on Teacher Credentialing to specifically reserve funding provided in recently enacted alternative credentialing legislation for the recruitment of aerospace and defense industry personnel into teaching.

Preschool and General Child Care Expansion. Recognizing the developmental benefits afforded children who attend preschool, the Administration proposes a \$25 million expansion of child care and development services. This augmentation, which is the equivalent of half-year funding, represents a commitment to provide services to approximately 16,000 additional preschool-age children of low-income families each year, when the funding level is annualized. Half of this amount will augment the Preschool Program, bringing total funding for this program to \$98.5 million. The remaining \$12.5 million will provide growth funding, targeted to preschool-age children, for child care centers offering full-day care for low-income families whose parents work or participate in education or training. By targeting funds, the State maximizes the developmental benefits conferred on preschool-aged children while assisting low-income families in attaining self-sufficiency.

Healthy Start. The Governor's Budget proposes an increase of \$20 million to the \$19 million base amount for the Healthy Start program. These funds will expand the coordination and integration of health and social services for children at school sites. The Healthy Start Program is an important component of the multi-phase Comprehensive Integrated School-Linked Services effort described under the section of the Budget Summary titled California's Preventive Services. This augmentation will provide grants to approximately 475 additional schools, and will initiate approximately 29,000 additional student contacts annually.

Early Mental Health. An augmentation of \$10 million is proposed for the Early Mental Health Program in keeping with the preventive focus of this Administration. This will increase the program level to \$20 million and enable expansion of mental health counseling to an additional 28,000 K-3 children. This program is designed to detect and treat school adjustment problems of children early enough to provide the foundation for a successful school and post-school experience.

School Construction. The Governor supports passage of \$1.6 billion in 1994 School Facilities Bonds. These funds will support modernization of aging school facilities and construction of new schools to accommodate the growing student population.

#### HIGHLIGHTS OF THE K-12 BUDGET.

In addition to the Governor's initiatives described above, the following significant items are proposed for 1994-95:

- \* The 1994-95 Governor's Budget proposes to include \$664.9 million to continue the base funding levels in apportionment and categorical programs which were funded in the current year with one-time funds. Similar to the current year, categorical funding levels are maintained through the use of a one-time appropriation of \$13.3 million.
- Statutory growth of \$430.6 million for school district and county office of education apportionments.
- Statutory growth of \$70.4 million for the Special Education Program.
- Augmentation of \$1.4 million to implement new voluntary desegregation programs.
- Funding for the 1992-93 deficiency in the Adults in Correctional Facilities Program of \$2.1 million. A one-time appropriation of \$13.4 million to bring this program to a current year funding basis has also been included.
- The Governor's Budget also includes \$80.5 million for 1993-94 to reflect revised ADA and property tax estimates. School district and county office of education apportionments are continuously appropriated for 1993-94 and 1994-95 and do not appear in the Budget Act.
- Deficiency funding for 1993-94 for the Special Education program of \$26.5 million, reflecting the revised property tax reve-

Department of Education

**Employee Compensation** 

Total

California Community Colleges

nues in the current year.

- A reappropriation of \$18.3 million of prior year Proposition 98 funds to provide funding for half of the pending claims for the Civic Center Mandate.
- Funding for the final installment of previously funded reimbursable mandates for K-12 totalling \$24.5 million.
- Augmentation of \$513 thousand for the Partnership Academy Program to provide full funding for the existing Partnership Academies and to establish 10 new planning grants.

#### **PROPOSITION 98 FUNDING GUARANTEE**

❖ The 1994-95 Governor's Budget proposes to increase the counties' share of property tax revenues by \$1.1 billion. (See discussion in the section titled Restructuring the State-Local Relationship.) While this has no impact on the total Proposition 98 guarantee amount, it increases the State General Fund share of the guarantee, and reduces the share funded by property tax revenues.

As part of that effort, the 1994-95 Governor's Budget also proposes to allocate ½ cent of the existing State sales tax revenues to counties. This has no impact on existing calculations of General Fund tax proceeds, nor on the Proposition 98 guarantee. In fact, these funds will be counted as State General Fund tax proceeds so that schools continue to receive their share of this revenue.

- The anticipated receipt of funds from the federal government for the cost of educating illegal immigrants will have no impact on funding under the Proposition 98 guarantee.
- Because State revenues are now estimated to be less than originally forecast for the 1993-94 fiscal year, Proposition 98 appropriations now exceed the 1993-94 minimum guarantee by \$326 million. (See Table 12-5.) No recapture of this over-appropriation is proposed.

Pro	POSITION 98		
(Dollar	RS IN THOUSAN	DS)	
Proposition 98 Appropriations	1992-93	1993-94	<b>1</b> 99 <b>4-95</b>
State General Fund Local Revenue	16,412,156 _7,410,721	13,606,011 10,030,908	15,508,292 9,391,206
Total	23,822,877	23,636,919	24,899,498
Minimum General Fund Guarantee Funding ABOVE the Minimum	16,333,235 78,921	13,279,950 326,061	<b>15,172,33</b> 9 <b>335</b> ,9 <b>53</b>
State General Fund Distribution Department of Developmental Services Department of Mental Health Services Department of Youth Authority	17,223 - 32.699	17,556 10,000 34,483	17,438 20,000 39,327

15,099,161

16,412,156

1,263,073

**TABLE 12-5** 

14,212,141

15,508,292

1,218,782

604

12,664,424

13,606,011

879,548

- The funding level proposed for 1994-95 is \$336 million higher than the minimum guarantee. This augmentation to the minimum guarantee is a permanent increase to the Proposition 98 funding level, and does not include any additional loans.
- The Proposition 98 funding level does not reflect any potential impact of a decision in California Teachers Association, et al. v. Gould, et al., currently pending in the Sacramento Superior Court.

The Administration is committed to an affordable, high-quality higher education system. Although the severity of the State's fiscal crisis has constrained the ability of the State to maintain that commitment, the budget for higher education reflects its continued high priority. Base budgets for the University of California (UC) and California State University (CSU) have been maintained, and funding has been provided for the increased costs associated with lease purchase bond repayments, annuitant health benefits and inflation in operating expenses. For Community Colleges, the budget includes growth funding to maintain access, increased financial aid, and increases for innovation and technology development. Also, financial aid grants provided through the Student Aid Commission have been increased.

The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects to be financed from General Obligation bond issues which will be proposed before the electorate in either the June and/or November general elections. Included within the proposed issuance is a \$900 million bond issue to support Higher Education. The proposed budget would specifically appropriate \$409.6 million.

The Administration acknowledges that, given the current constraints on State funding, student fee increases will need to be considered for the 1994-95 fiscal year. Therefore, regular enrollment fees for Community Colleges are proposed to be increased to recognize the

constraints inherent in the level of the Proposition 98 guarantee. However, the Administration is relying on the governing boards of the UC and CSU to best judge the appropriate levels of fees for students attending their institutions, consistent with their commitment to maintain the quality of education. Accordingly, the Governor's Budget does not propose specific levels of student fee increases for the four-year institutions but will entertain fee increase proposals from them. It is expected that increases in student fees at Hastings College of the Law and the California Maritime Academy will conform to those adopted by UC and CSU, respectively.

It should be emphasized that, despite recent increases in student fees, students still pay only a fraction of the cost of their education. The bulk of the cost of education is subsidized by the State. For UC, the 1993-94 state General Fund subsidy is 63 percent of the \$12,452 cost of education for an average general campus student (using the methodology developed by the California Postsecondary Education Commission); a full-time student pays fees equivalent to 28 percent of this cost. For CSU, the state General Fund subsidy is 75 percent of the \$8,086 cost of education; a full-time student pays fees equivalent to 18 percent of this cost. For the Community Colleges, the state General Fund and local tax subsidy is 89 percent of the \$3,164 cost of education, and student fee revenues on average fund 7.5 percent of this cost. A full-time community college student pays fees which are equivalent to 12 percent of the cost of educa-

## HIGHER EDUCATION FULL -TIME EQUIVALENT STUDENTS

1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1994-95 vs. 1993-94
150,020	152,863	155,7 <b>9</b> 6	156,371	154,277	151,713 <sup>1</sup> /	149.713³ <sup>J</sup>	-2,000
(112,377)	(114,365)	(116,461)	(116,398)	(114,386)	(112,900)	(N/A)	(N/A)
(25,676)	(26,142)	(26,798)	(27,410)	(27,121)	(26,543)	(N/A)	(N/A)
(11,967)	(12,356)	(12,537)	(12,563)	(12,770)	(12,270)	(N/A)	(N/A)
267,451	272,608	278,502	270,72 <b>9</b>	258,35 <b>9</b>	246,520	246,5204/	` •
(230,856)	(235,463)	(239,121)	(232,392)	(221,363)	(212,529)	(212,529)	(-)
(36,595)	(37,145)	(39,381)	(38,337)	(36,996)	(33,991)	(33,991)	(-)
7 <b>9</b> 3,28 <b>9</b>	817,245	841,075	862,26 <b>9</b>	874,034	874,0342	880,2405/	6,206
1,341	1,347	1,325	1,261	1,253	1,242	1,220	-22
358	376	400	430	475	475	475	
1,212,459	1,244,439	1,277,098	1,291,060	1,288,398	1,273, <b>9</b> 84	1,278,168	4,184
	150,020 (112,377) (25,676) (11,967) 267,451 (230,856) (36,595) 793,289 1,341 358	150,020 152,863 (112,377) (114,365) (25,676) (26,142) (11,967) (12,356) 267,451 272,608 (230,856) (235,463) (36,595) (37,145) 793,289 817,245 1,341 1,347 358 376	150,020 152,863 155,796 (112,377) (114,365) (116,461) (25,676) (26,142) (26,798) (11,967) (12,356) (12,537) 267,451 272,608 278,502 (230,856) (235,463) (239,121) (36,595) (37,145) (39,381) 793,289 817,245 841,075 1,341 1,347 1,325 358 376 400	150,020 152,863 155,796 156,371 (112,377) (114,365) (116,461) (116,398) (25,676) (26,142) (26,798) (27,410) (11,967) (12,356) (12,537) (12,563) 267,451 272,608 278,502 270,729 (230,856) (235,463) (239,121) (232,392) (36,595) (37,145) (39,381) (38,337) 793,289 817,245 841,075 862,269 1,341 1,347 1,325 1,261 358 376 400 430	150,020 152,863 155,796 156,371 154,277 (112,377) (114,365) (116,461) (116,398) (114,386) (25,676) (26,142) (26,798) (27,410) (27,121) (11,967) (12,356) (12,537) (12,563) (12,770) 267,451 272,608 278,502 270,729 258,359 (230,856) (235,463) (239,121) (232,392) (221,363) (36,595) (37,145) (39,381) (38,337) (36,996) 793,289 817,245 841,075 862,269 874,034 1,341 1,347 1,325 1,261 1,253 358 376 400 430 475	150,020 152,863 155,796 156,371 154,277 151,713 <sup>1/3</sup> (112,377) (114,365) (116,461) (116,398) (114,386) (112,900) (25,676) (26,142) (26,798) (27,410) (27,121) (26,543) (11,967) (12,356) (12,537) (12,563) (12,770) (12,270) 267,451 272,608 278,502 270,729 258,359 246,520 (230,856) (235,463) (239,121) (232,392) (221,363) (212,529) (36,595) (37,145) (39,381) (38,337) (36,996) (33,991) 793,289 817,245 841,075 862,269 874,034 874,034 <sup>2/3</sup> 1,341 1,347 1,325 1,261 1,253 1,242 358 376 400 430 475 475	150,020 152,863 155,796 156,371 154,277 151,713 <sup>1/</sup> 149,713 <sup>3/</sup> (112,377) (114,365) (116,461) (116,398) (114,386) (112,900) (N/A) (25,676) (26,142) (26,798) (27,410) (27,121) (26,543) (N/A) (11,967) (12,356) (12,537) (12,563) (12,770) (12,270) (N/A) 267,451 272,608 278,502 270,729 258,359 246,520 246,520 (230,856) (235,463) (239,121) (232,392) (221,363) (212,529) (212,529) (36,595) (37,145) (39,381) (38,337) (36,996) (33,991) (33,991) 793,289 817,245 841,075 862,269 874,034 874,034 <sup>2/</sup> 880,240 <sup>3/</sup> 1,341 1,347 1,325 1,261 1,253 1,242 1,220 358 376 400 430 475 475 475

<sup>&</sup>quot;Estimated. Budgeted 1993-94 enrollment is 143,687.

<sup>2</sup>/Same as 1992-93, because Chancellor did not allocate growth.

4'Preliminary; may be adjusted pending development of budget plan.

<sup>&</sup>lt;sup>3</sup>Reflects anticipated reduction of 2,000 FTE students, which has not been determined by level of student.

<sup>&</sup>lt;sup>5</sup>Includes 11,398 FTES funded growth, less 5,192 funded FTES reduction due to proposed withdrawal of funding associated with one-third of the actual decline in students with BA or graduate degrees.

#### **TABLE 13-2**

## HIGHER EDUCATION EXPENDITURES GENERAL FUND, LOTTERY FUNDS, STATE SCHOOL FUND, LOCAL REVENUES AND STUDENT FEES

(DOLLARS IN MILLIONS)

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95³ <sup>3</sup>	Amount	Change Percent
University of California1/	\$2,399.3	\$2,533.7	\$2,615.5	\$2,685.6	\$2,599.7	\$2,576.8	\$2,627.9	\$51.1	2.0
California State University <sup>1/</sup>	1,807.0	1,989.5	2,042.7	2,044.4	2,009.2	1,993.3	2,062.5	6 <b>9</b> .2	3.5
Community Colleges	2,757. <b>9</b>	3,135.5	3,307.9	3,352.7	3,450.4	3,504.3	3,622.7	118.4	3.4
Student Aid Commission	129.2	152.6	160.7	172.1	145.9	203.4	226.7	23.5	11.5
Other Higher Education <sup>2/</sup>	<u>59.5</u>	92.4	94.4	<u>122.8</u>	<u>155.6</u>	<u>149.0</u>	<u>177.3</u>	28.3	<u>19.0</u>
Total Funds	\$7,153.0	\$7, <b>9</b> 03.8	\$8,221.1	\$8,377.5	\$8,360.7	\$8,426.8	\$8,717.3	\$290.6	3.4

Y For purposes of this table, expenditures for the University of California and California State University have been adjusted to include offsetting, general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

The Administration is also concerned that the higher education institutions function effectively to meet the needs of students, and pursue efficiencies and innovative strategies toward this end. Accordingly, the Administration is requesting that the UC Regents and the CSU

Trustees study options for reducing the average amount of time required to earn a bachelor's degree and report their recommendations to the Legislature and the Governor by October 1, 1994. The options examined shall include, but not necessarily be limited to, making greater use of year-round operations and reducing the course requirements for a bachelor's degree.

Enrollments for 1994-95, as indicated in Table 13-1, have not been determined by all the segments. Total funding levels are shown in Table 13-2, though fee revenue data are incomplete. It is expected that more detailed budget plans will be made available by the institutions in Spring 1994, when student feelevels have been determined.

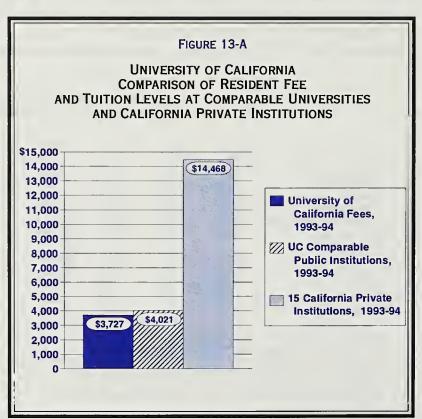
#### UNIVERSITY OF CALIFORNIA

The policy for the 1994-95 budget is to permit UC the maximum flexibility

in managing its resources to best serve its students and maintain the quality of the institution.

One-Vear

Student Enrollment. In 1992-93, as a result of budget reductions, UC reduced its budgeted enrollment level by



<sup>&</sup>lt;sup>2</sup> The Other Higher Education amount includes General Obligation Bond Interest and Redemptions and Interest on PMIA Loans for UC, CSU and HCL; California Postsecondary Education Commission; Hastings College of the Law; and California Maritime Academy.

<sup>&</sup>lt;sup>3</sup> Does not reflect student fee increases for University of California and California State University, which have not yet been determined.

12,000 full-time equivalent (FTE) students. However, in order not to dislocate students, enrollment decreases are being effected gradually. Thus, the budgeted enrollment level, which reflects current resources, is now 143,687 FTE, while the estimated enrollment for 1993-94 is 151,713. UC expects to reduce enrollment another 2,000 FTE students for 1994-95.

Student Fees and Financial Aid. The Administration stands ready to discuss fee increase proposals, with the understanding that from the fee increase revenues, UC will provide sufficient financial aid to needy students. The current undergraduate fee level of \$3,727 compares favorably to the 1993-94 average of \$4,021 at four public institutions used for salary comparison purposes (see Figure 13–A).

Capital Outlay. Included within the proposed budget is \$141.3 million from the proposed Higher Education Capital Outlay Bond Fund of 1994 to support the need for construction, renovation and expansion of classrooms, laboratories and libraries, as well as projects to update infrastructure on campuses to meet life safety requirements.

#### FIGURE 13-B CALIFORNIA STATE UNIVERSITY COMPARISON OF RESIDENT FEE AND TUITION LEVELS AT COMPARABLE PUBLIC AND CALIFORNIA PRIVATE INSTITUTIONS \$15,000 14,000 \$14,468 13,000 12,000 **State University** 11,000 Fees, 1993-94 10,000 CSU Comparable 9,000 **Public Institutions,** 8,000 1993-94 7,000 6,000 15 California Private 5,000 Institutions, 1993-94 4,000 3,000 2,000 1,000 \$1,607

#### CALIFORNIA STATE UNIVERSITY

The general approach of the 1994-95 budget is to permit as much autonomy and flexibility as possible, so that CSU can explore new ways to manage its resources to better serve students, faculty and staff. This general approach incorporates the following points:

Administrative and Fiscal Flexibility. During the past two years, the Administration has supported administrative and fiscal flexibility to enable CSU to manage its resources more effectively. CSU has initiated several efforts to increase its efficiency, including a study comparing administrative costs with other universities, a significant downsizing of the Chancellor's Office, and a redesign of the budget process. The Administration continues to support maximum administrative and fiscal flexibility for CSU.

Fort Ord/Monterey Bay Campus. The Administration continues to support CSU's innovative effort to transform Fort Ord into a Monterey Bay campus. In Spring 1994, the federal government will transfer Fort Ord to the CSU, a gift of 1,300 acres, buildings and infrastructure valued at approximately \$1 billion. The federal government has allocated \$15 million during 1993–94 as first—year funding to convert military facilities to educational facilities; substantial federal funds will be

provided in subsequent years for facility conversion. It will be incumbent upon the State to protect and maintain this gift and provide the necessary resources to develop the potential of this unprecedented effort to reinvigorate the regional economy through conversion of a defense facility to a university.

Student Fees and Financial Aid. The Administration stands ready to discuss fee increase proposals, with the understanding that from the fee increase revenues, CSU will provide sufficient financial aid to needy students. The additional fee income would not offset General Fund expenditures. CSU's current fee level of \$1,607 compares very favorably with an average of \$2,767 at 15 public institutions used for salary comparisons (see Figure 13–B).

Employee Compensation. The Administration understands that a competitive compensation program is important to maintain and recruit a high-quality workforce in order to best serve

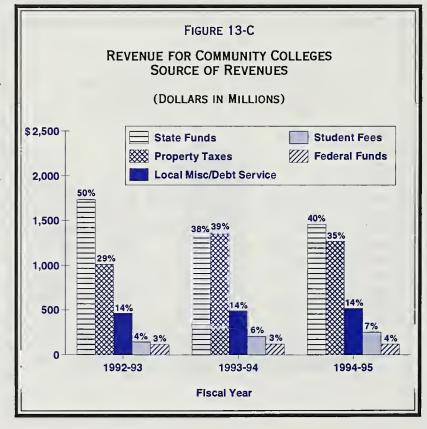
SIGNIFICANT REVENUE SOURCES FOR COMMUNITY COLLEGES									
			(DOLLARS	IN MILLION	IS)				
Source of Funds	1988 <b>-8</b> 9	1989-90	1990-91	1991-92	1992-93	1993-941/	1994-951/	Change fro Dollars	m 1993-9 Percent
tate General Fund	\$1,516.4	\$1,631.5	\$1,792.7	\$1,799.5	\$1,641.6	\$1,232.1	\$1,360.3	\$128.1	10.4
ottery Fund	126.9	122.4	97.1	75.8	85.5	92.3	92.3	0.0	0.0
ocal Property Taxes	654.5	715.7	791.1	831.3	1,010.4	1,358.2	1,270.9	- 87.3	-6.4
tudent Fees	66.2	67.2	72.0	82.3	122.6	206.7	254.52	47.8	23.1
Other State Funds	9.7	14.1	6.5	5.2	6.5	7.6	6.8	- 0.8	- 10.7
ederal Funds	103.2	119.8	126.4	120.0	118.4	119.7	119.9	0.2	0.1
ocal Miscellaneous	272.0	455.5	415.5	433.6	460.4	482.6	513.1	30.4	6.3
ocal Debt Service	9.0	9.3	6.7	5.0	5.0	5.0	5.0	0.0	_0.0
otal Revenue	\$2,757. <b>9</b>	\$3,135.5	\$3,307.9	\$3,352.7	\$3,450.4	\$3,504.3	\$3,622.7	\$118.4	3.4

the needs of students, which is CSU's top priority. Nonetheless, it is recognized that within the constraints of limited resources and the need for CSU to maintain a balance among its priorities, a compensation increase may be extremely difficult to provide in 1994–95. Nothing in this budget should be interpreted as an indication that any specific compensation increases, including merit salary adjustments, have been agreed upon or funded.

the proposed Higher Education Capital Outlay Bond Fund of 1994 to support the need for construction, renovation and expansion of classrooms, laboratories and libraries as well as projects to update infrastructure on campuses to meet life safety requirements and provide an integrated state-of-the-art network that facilitates voice, video, data and image transmission.

Technology. The Administration recognizes that the quality of our educational system and the recovery and growth of the State's economy are heavily dependent upon the development of a statewide telecommunications infrastructure—an information highway for the future. This Administration seeks to promote the use of advanced telecommunications in public education at all levels and in the provision of library services. The Administration supports the current initiative to link CSU's telecommunications network— CSUnet—to public schools and community colleges, and further supports the use of State, federal and other sources to spur the establishment of a Golden State Education Network, which would expand the current effort to include the University of California and the State's public libraries.

Capital Outlay. Included within the proposed budget is \$129.7 million from



#### CALIFORNIA COMMUNITY COLLEGES

The Proposition 98 guarantee is proposed to be fully funded in 1994–95. However, due to the magnitude of the shortfall in projected General Fund revenues, there are insufficient funds within the Proposition 98 Guarantee to continue traditional practices. Therefore, the Governor's Budget policy for Community Colleges demonstrates a strong commitment to innovation and technology as a key to the future. Additionally, the budget supports enhanced access through growth funding and financial aid increases, but it also recognizes the constraints which the State must face as it enters the future. For this reason, the Governor's Budget proposes reasonable student fee increases and proposes to reduce state support for workload declines in students already holding bachelor's or graduate degrees.

As Table 13-3 shows, total funding for the California Community Colleges in 1994-95 is \$3.6 billion. Figure 13-C shows the funding sources and their proportionate contribution to the colleges from 1992-93 through 1994-95. The 1994-95 Governor's Budget also proposes to increase the counties' share of property tax revenues, thus reducing the amount allocated to community colleges by \$150.8 million. While this has no impact on the total funding for the California Community Colleges, it increases the state General Fund share and reduces the share funded by property tax revenues.

Total funding for 1994-95 is \$118.4 million more than the amount provided in 1993-94 which represents a 3.4 percent increase. Total proposed funding per each full-time equivalent student (FTES) is \$4,116, a 2.7 percent increase from 1993–94.

Innovation and Technology. The Board of Governors and Chancellor of the Community Colleges embarked on an ambitious effort in 1991 to explore ways to meet the future demand for higher education and workforce skills in an environment of limited resources. Through the Commission on Innovation, composed of business leaders and assisted by community college professionals and national experts throughout the country, a final report was issued in October, 1993. The Commission proposes to reduce the cost of education through technology, enlightened management and teaching approaches, and efficiencies in facilities use, while enhancing educational opportunities for an increasingly diverse student body and expanding the system's economic development role through collaborative efforts. In recognition of the possibilities contained in the report, the Governor's Budget proposes:

- \$2 million to establish a new Investment Fund for Innovation, which will allow the Chancellor to begin to build an incentive program for expanding innovation efforts statewide.
- ❖ \$10 million for investment in technology for the Community Colleges. Through a current-year planning grant from the Federal Department of Commerce, the Chancellor will prepare a strategic plan for linking colleges, campuses, and off-campus operations with each other through an integrated, stateof-the-art network that facilitates voice, video, data, and image transmission. The plan is intended to assure access to students, faculty and administrators, facilitate expansions of distance learning, and provide for a flexible and expandable system to accommodate new technologies as they emerge. The funds provided will allow the next steps to be taken in the budget year when this strategic plan is completed. They may be used for matching purposes to leverage additional federal grants, development of specific project plans for districts, or for actual development of the envisioned electronic infrastructure for those districts who are ready.

Apportionments. The following adjustments are proposed for the general apportionment assistance program for 1994-95:

- \* \$219.3 million of one-time funds are replaced with Proposition 98 General Fund. The one-time fund sources being replaced in 1994-95 include an emergency loan of \$178 million, made pursuant to Chapter 66, Statutes of 1993, and 1993 Budget Act reappropriations of unspent prior-year Proposition 98 funds totaling \$41.3 million.
- \$32.2 million is provided for growth in enrollments based on the expected change in adult population.
- ❖ \$90.1 million for increased financial aid, plus an additional \$4.8 million for aid administration are provided for in the budget. These increases recognize both the Chancellor's estimates of students applying successfully for fee waivers under the current \$13 per unit fee, and the likelihood that a higher proportion of students will successfully apply in response to the proposed fee increase discussed below. While financial aid payments are no longer directly budgeted (pursuant to Chapter 1124, Statutes of 1993, which shifted financial aid to a fee waiver program), student revenue projections which offset state apportionment funding have been revised accordingly.

### HIGHER EDUCATION

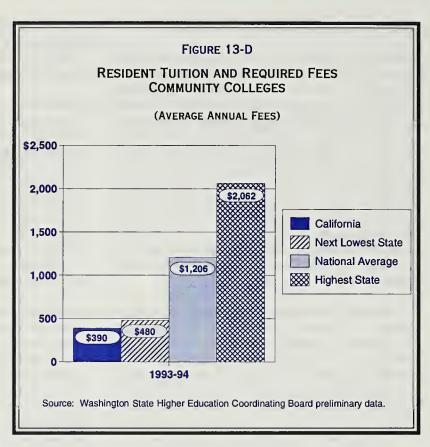
❖ \$15.2 million in savings from workload declines related to bachelor's degree holders are proposed. The Chancellor's Office reports that 41 percent of the students attending community colleges who possessed bachelor's or graduate degrees in the fall term of 1992 have left the system as a result of implementation of the \$50 differential fee. Chapter 703, Statutes of 1992, protects the districts from reductions in funding due to this workload decline for a year, then allows for reductions to be made in one-third increments over a three-year period. Accordingly, the budget proposes to recognize one-third of this decline in 1994-95.

Student Fees. While recognizing that California currently offers higher education opportunities through its system of community colleges to more individuals and at the lowest cost to the student of any other system in the nation, the current fiscal environment

requires some financial restructuring to continue to maintain the affordable education opportunities Californians have enjoyed. State appropriation increases alone are not a workable solution. Other options include lowering enrollments, raising fees, and lowering the cost of education through such methods as distance learning or rethinking the courses required for degrees or vocational certificates. Most informed sources recognize fees are a part but not the sole solution to the squeeze which higher education faces in the future.

The Governor's Budget proposes, as a part of this solution, that the regular enrollment fee be raised \$7 per unit, a reasonable increase which still assures Californians will pay among the lowest fees in the nation. However, the Governor's proposal recognizes the additional demand for financial aid driven by this increase, so as not to have price dictate who can and who cannot have access to higher education. After this is considered, the fee increase will net a \$53 million State savings. Figure 13-D compares California's annual enrollment fees to the annual average fees nationwide for 1993-94.

Categorical Programs and Other Changes. For 1994-95, the Governor's Budget also proposes the following increases:



- \$ \$2.1 million for upgrading and expanding Hi-Tech Centers for the Disabled to the remaining 23 campuses in the system and for expanding to the remaining 17 campuses the Cooperative Agencies Resources for Education program, which further assists low income single parents with pre-school children with child care grants and other necessary expenses associated with pursuing higher education.
- \$9.8 million to reflect increased lease-revenue bond payments necessary for Public Works Board-financed capital improvements.

Capital Outlay. Included within the proposed budget is \$138.7 million from the proposed Higher Education Capital Outlay Bond Fund of 1994 to support the need for construction, renovation and expansion of classrooms, laboratories and libraries as well as projects to update infrastructure and provide an integrated, state-of-the-art network that facilitates voice, video, data and image transmission.

#### STUDENT FINANCIAL AID

In recent years, the shortage of General Fund resources has constrained state funding for higher education, and substantial increases in student fees have been necessary to maintain program quality. In keeping with its commitment to affordable higher education, the Administration has increased student financial aid as fees have been increased. The unding of financial aid from new fee revenues when General ion, and the combined total has more than doubled, increasing from \$267.5 million to \$605.5 million.

These increases include significant General Fund augmentations to the Student Aid Commission for the Cal Grant program. For 1993-1994, \$51.1 million was added to restore prior year reductions in the number and amounts of grants, and to fund increases in the grantamounts necessary to cover the fee increases at UC and CSU. For 1994-95, \$3.4 million was added to maintain current grant amounts for the

changing mix of students. Also, \$20 million was added in recognition of the need for additional grant aid.

It should be emphasized that udents also receive financial aid from federal, private and other sources in the form of grants, work-study and loans. Altogether, students in California's public and private higher education institutions received about \$2.9 billion in financial aid in 1992-93. The total amount is expected to increase by several hundred million dollars for 1993-94 and 1994-95.

#### **TABLE 13-4**

## FINANCIAL AID GRANTS: GENERAL FUND AND FEE REVENUE FUNDED

(DOLLARS IN THOUSANDS)

Institution/Fund Source	1990-91	1991-92	1992-93	1993-94	1994-951/
University of California	\$77,388	\$100,767	\$124,067	\$157,177	\$157,177
General Fund	44,306	51,930	53,865	53,865	53,865
Fee Revenues	33,082	48,837	70,202	103,312	103,312
California State University	21,093	33,718	70.811	83,015	83,015
General Fund	21,093	33,718	33,718	33,718	33,718
Fee Revenues			37,0 <b>9</b> 3	49,297	49,297
California Community College	s				
General Fund	12,021	16,849	28,291	51,540	141,681
Student Aid Commission					
General Fund	157,032	168,975	142,831	200,267	223,651
Total	\$267,534	\$320,309	\$366,000	\$491,999	\$605,524
General Fund	234,452	271,472	258,705	339,390	452,915
Fee Revenues	33,082	48,837	107,295	152,609	152,609

For 1994-95, fee and financial aid levels have not been determined for the University of California or California State University; thus, this chart reflects the 1993-94 financial aid amounts.



The 1994-95 Governor's Budget for Health and Welfare is inextricably linked to the major policy thrusts of this Budget. Programs within Health and Welfare constitute the primary components of the State-Local Restructuring proposal. Health and Welfare programs are among those included in the request to the federal government for additional funding whether because of costs associated with illegal immigration, a federal responsibility, or because California must seek federal relief as a state in fiscal distress. Reductions in funding and/or reforms are proposed in some Health and Welfare programs because it is essential for the State to keep expenditures in line with available resources and to ensure that program dollars are spent for those with the greatest need. And, most importantly, funds have been made available in Health and Welfare for program initiatives directed at intervention and prevention services.

bility requirements to receive public assistance. In the absence of policy changes in fiscal year 1994-95, the AFDC caseload is projected to grow by 4.5 percent, reflecting rates of growth of 4.5 percent in FG cases and 4.7 percent in U cases. This growth comes after a five year period of unprecedented growth which peaked at 11.8 percent during the 1991-92 fiscal year.

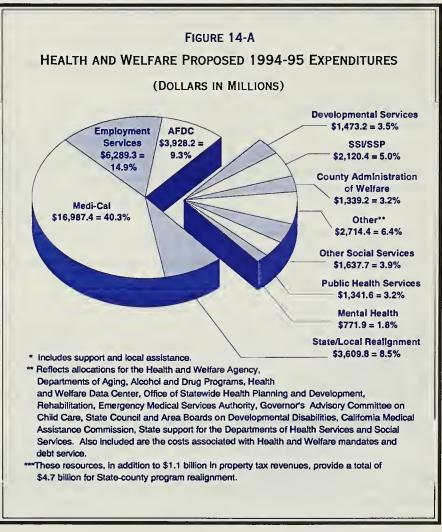
AFDC-Family Group (AFDC-FG). Within AFDC, FG cases constitute approximately 83 percent of the total cases. Research on nationwide AFDC data indicates that approximately 75 percent of FG cases go on aid because of changes in family structure, such as a divorce or a birth to an unmarried parent, while only about 15 percent go on aid as a direct result of a reduction in income. Similarly, 46 percent of cases nationally leave aid because of changes in family structure, and 26 percent leave aid because of increased income. Therefore, while changes in the State's economy may affect the overall level of the need for assistance, and influence the size of the FG caseload in

## 1994-95 HEALTHAND WELFARE EXPENDITURE LEVELS

Proposed 1994-95 Health and Welfare expenditures total \$42.2 billion in combined State and federal funds, including funding for 40,491 personnel years. This funding total includes \$3.6 billion in Health and Welfare program costs included in the State-Local Restructuring proposal. The allocation of these funds among the various programs is shown in Figure 14-A. The caseload totals underlying much of this expenditure level are shown in Table 14-1.

## TRENDS IN AFDC EXPENDITURES

AFDC can be separated into two groups based on federal definitions of deprivation. AFDC-Family Group (FG) cases are single parent families, while AFDC-Unemployed (U) cases are two-parent families. Both types of families must meet income and asset eligi-



### **HEALTH AND WELFARE**

the short term, long term trends in the FG caseload will be determined more by demographic or social factors.

During the decade of the 1980s, California's AFDC caseload grew by 39 percent-a rate that exceeded the State's population growth. Since AFDC caseload growth is outstripping population growth, the State is also experiencing an increase in the dependency rate—the proportion of women of childbearing age who utilize AFDC (see Figure 14-B). In 1988, California's dependency rate exceeded the national average by 25 percent. Since that time, the average annual growth in the AFDC-FG caseload has accelerated, reaching 12 percent in fiscal year 1990-91. Some of the factors that have significant influences on the size and composition of the AFDC caseload are:

- Increases in the number of women of childbearing age. During the 1980s the number of women of childbearing age grew by 18 percent.
- Increases in the birthrate. During the 1980s the proportion of women having children increased by 14 percent.
- Increases in the rate of births to unmarried women. During the 1980s, the rate of births to unmarried women increased by 50 percent.
- Increases in the number of teenage parents. During the decade of the 1980s the birthrate for teenagers increased by 12 percent. Overall, approximately 54 percent of women currently receiving AFDC grants had their first child as a teenager.
- Increases in the unemployment rate. Economic cycles have a direct effect on the size of the AFDC-U caseload.

While these factors are important in determining the composition of the total AFDC population, they do not completely explain the majority of new cases on AFDC in recent years. To further explain new cases on AFDC,

TABLE 14-1
MAJOR HEALTH AND WELFARE PROGRAM CASELOADS

		1993-94 Revised	1994-95	Change
1.	California Children's Services <sup>a/</sup> (treatment of physical handicaps)	174,816	184,041	9,225
2.	Medi-Cal Certified Eligible (provision of medical services to eligible poor)	5,373,600	5,731,600	358,000
3.	AFDC (support for unemployed persons with minor children)	2,596,540	2,703,510	106,970
4.	SSI/SSP (support for aged, blind and disabled)	991,474	1,043,003	51,529
5.	State Hospitals			
	a. Mental health clients <sup>e/</sup>	3,801	3,804	3
	b. Developmentally disabled clients <sup>b/</sup>	5,940	5,390	-550
6.	Community Developmentally Disabled Se	rvic <i>es</i>		
	a. Regional Centers®	110,499	116,745	6,246
	b. Work activity programe/	19,350	20,128	778
7.	Vocational Rehabilitation <sup>9</sup>	36,696	39,223	2,527
8.	Employment Services (individuals placed)	300,000	300,000	
9.	Unemployment Services 3 (total weeks claimed)	1,915,000	25,337,000	-6,578,000
10.	In-Home Supportive Services	173,511	185,134	11,623
11.	Child Welfare Services <sup>d/</sup>	143,750	149,446	5,696
12.	Non Assistance Food Stamps <sup>t</sup>	450,048	485,341	35,283
13.	Alcohol Programs	247,000	247,000	
14.	Drug Programs <sup>c/</sup>	183,000	183,000	

- <sup>a)</sup> This figure represents unduplicated quarterly caseload in the CCS Program.
- Property and the Newscart of the Represents the year-end population upon which the Budget is based.
- <sup>d</sup> Number of participants served during the fiscal year.
- Permanent Placement service areas on a monthly basis. Due to transfers between each service area a case may be reflected in more than one service area.
- Pepresents the average, annual caseload.
- Pepresents an average monthly unduplicated caseload as reported in the client data system.
- 9 Represents the number of new plans written each year.

the caseload was divided into cases with aided adults and cases in which the caretaker adult is not eligible for aid, i.e. "children-only" cases. Children-only cases occur when the caretaker adult is a recipient of SSI/SSP, is a non-parent relative of the child, or most often when the parent is ineligible for aid based on immigration status.

Figure 14-C displays the annual growth rate by month for the AFDC-FG caseload and for women of childbearing age from January 1981 through January 1993. As indicated in the Figure, the growth in cases with aided adults corresponds closely to the growth in women of childbearing age. In contrast, children-only cases begin

to grow at a rate exceeding 10 percent annually in the 1983-84 fiscal year. They decline suddenly in 1987 when it is believed that parents removed their children from aid based on misinformation about the Immigration Reform and Control Act (IRCA). Two years later, the growth rate of children-only cases again accelerated, reaching a high of over 32 percent in September of 1990.

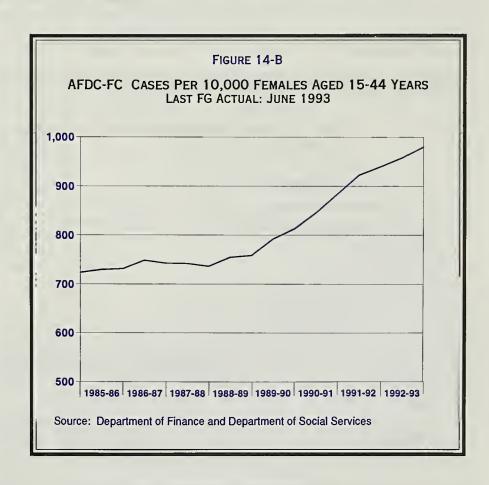
The Department of Social Services also conducted an analysis of children-only cases and concluded that cases where the caretaker adult is a recipient of SSI/SSP or a non-parent relative constitute a relatively constant proportion of between 10 and 11 percent of the FG caseload. This is consistent with the figure of 10.8 percent reported nationally. Consequently, it appears that the majority of growth in children-only cases is due to growth in the number of cases where the parent(s) is excluded because of immigration status.

Because of significantly different growth patterns, AFDC-FG cases with adults and children-only cases are projected separately. (Note: in this discussion caseload is referred to in terms of natural growth; that is, without

policy changes.) For example, in 1992-93, FG cases grew by an overall rate of 5.1 percent, including a growth rate of 3.6 percent for cases with an aided adult, and 9.9 percent for children-only cases. However, in 1993-94 and 1994-95 this trend is eclipsed by the fact that IRCA legalized persons, who were ineligible for AFDC for five years, have passed the period of ineligibility. Thus, in previous children-only cases where the parent(s) received amnesty under IRCA, the parents have now been added to the assistance unit, making these cases with aided adults. While this trend does not expand the size of the total caseload, it causes cases to be reclassified from children-only to adult aided and does increase the number of persons receiving aid. In 1993-94, while the overall FG caseload is projected to increase by 5.3 percent, the number of FG persons aided will increase by an estimated 6.5 percent. The growth rate in children-only cases is, consequently, much smaller. FG cases with aided adults will increase by 9.4 percent, while children-only cases will decline by 7.1 percent, dropping from 24.9 percent of the AFDC caseload in 1992-93 to 21.9 percent in 1993-94.

In 1994-95, FG cases are projected to grow by 4.5 percent, while the number of FG persons is estimated to grow by 4.8 percent. Cases with aided adults will grow by an estimated 5.0 percent, and children-only cases are projected to grow by 2.6 percent, averaging 21.6 percent of the FG caseload.

AFDC-Unemployed (AFDC-U). The number of AFDC-U cases constitute approximately 17 percent of total AFDC cases. Most of the time, the size of the AFDC-U caseload is determined by the health of the State's economy. The number of two-parent families receiving aid tends to grow sharply during recessionary times and decline during times of falling unemployment. Consistent with the relationship between the AFDC-U caseload and the economy, the Department of Social Services uses Department of Finance fore-



### HEALTH AND WELFARE

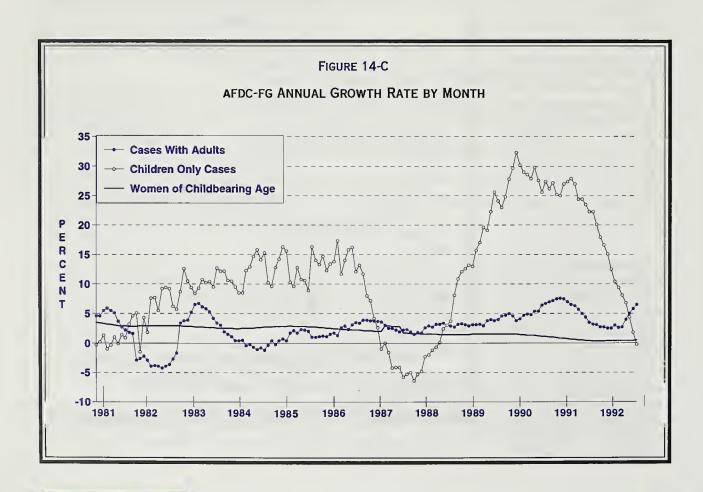
casts for employment and unemployment to project the rate of change for AFDC-U cases.

The pattern of growth of children-only cases in the AFDC-U program is similar to that in the FG program. In 1992-93, children-only cases in the AFDC-U program comprised 24.6 percent of the caseload, and grew by 33.4 percent, compared to growth of 12.4 percent in cases with aided adults, and 16.9 percent for the AFDC-U caseload overall. In 1993-94, children-only cases are projected to drop to 21.7 percent of the U caseload, declining by 1.7 percent from the previous year's caseload. This is contrasted with a growth projection of 15.7 percent for cases with an aided adult and 11.5 percent for the U caseload overall. The number of persons served by the AFDC-U program is expected to grow by 12.6 percent. In 1994-95 the AFDC-U caseload is projected to grow by 4.7 percent and the number of persons served by 5.2 percent. Children-only cases are expected to comprise 21.4 percent of the caseload and will grow by an estimated 3.4 percent, compared to a growth rate of 5.1 percent for cases with an aided adult.

#### TRENDS IN MEDI-CAL EXPENDITURES

Medi-Cal, California's version of the federal Medicaid program, is an open-ended entitlement program; any person who meets the eligibility criteria established by law is entitled to specifically defined health benefits. Except for a limited number of "state-only" services, Medi-Cal typically receives half of its funding through federal Social Security Act Title XIX appropriations with the balance largely, but not exclusively, furnished by the State's General Fund. Federal reimbursement of fifty percent represents the lowest of federal Medicaid sharing ratios and is common to eleven other states, including New York, Illinois, Massachusetts and New Jersey. As discussed below, for 1994-95, California will seek, and the budget includes, federal Title XIX reimbursement at a 54.41 percent sharing ratio.

Expenditures. Annual Medi-Cal General Fund spending since 1986-87 will have increased 125 percent through 1993-94, as illustrated in Figures 13-D and 13-E. In 1993-94, total expenditures for Medi-Cal local assistance are estimated to be \$16,843.1 million (\$5,784.2 million, General Fund), representing a \$245.7 million

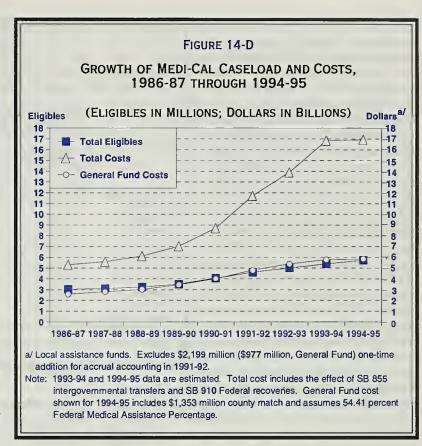


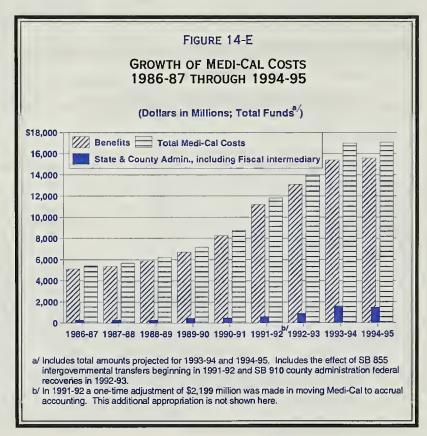
General Fund deficiency in comparison with the 1993 Budget Act appropriation. Of this amount, however, \$240 million results from the failure of Congress to accept the President's proposal to authorize special Medicaid grants for services to undocumented immigrants. For 1994-95, Medi-Cal local assistance spending is projected to total \$16,927.4 million (\$4,484.2 million, General Fund; and, as discussed under State-Local Restructuring proposal, \$1,352.9 million, county match).

Comparisons of spending since 1991-92 which use total funding can be misleading because of donated funds and intergovernmental transfers used for supplemental payments to hospitals which serve a disproportionate share of Medi-Cal or other low income patients. For 1994-95, these transfers are budgeted at approximately \$1.1 billion, matched by a like amount from the federal government, for a total of \$2.2 billion in supplemental hospital funding.

Other programs—some familiar, such as Short-Doyle mental health, but others less known, such as county targeted case management under SB 910—draw federal Title XIX monies through the Medi-Cal program, but their nonfederal matching share appears in local budgets or in the budgets of other state agencies. This type of off-budget, nonfederal Medi-Cal matching will exceed \$800 million in 1994-95, and is not included in the program totals shown earlier.

Included in the Medi-Cal budget for 1993-94 is \$334.1 million from State Legalization Impact Assistance Grant (SLIAG) funding from the federal government. The federal fiscal year 1994 allocation of SLIAG monies to California will substantially satisfy the remaining Medi-Cal claims incurred under the federal Immigration Reform and Control Act of 1986 but paid initially from the General Fund while awaiting federal reimbursement.





Caseload. In 1986-87, approximately one out of every nine Californians had established eligibility to receive Medi-Cal services; currently, one out of every six residents is expected to secure Medi-Cal eligibility. This trend is illustrated in Figure 14-F. In 1993-94, average monthly Medi-Cal eligibility is expected to be 5.37 million persons and in 1994-95, over 5.73 million, a 6.7 percent increase. Roughly 745,000 persons are projected to receive their Medi-Cal benefits through various managed care arrangements in 1993-94, with that figure growing substantially in 1994-95. The remainder are eligible for fee-for-service coverage of medical benefits. Table 14-2 shows federal Health Care Financing Administration (HCFA) eligibility and expenditure data from federal fiscal year 1992 for the ten most populous states. According to federal officials, other states also have ex-

perienced dramatic growth in Medicaid spending and caseloads since 1990. Table 14-3 illustrates the distribution of Medi-Cal caseload among the various eligibility groups since 1991-92, and Table 14-4 shows the general

**TABLE 14-2** 

MEDICAID PROVIDER PAYMENTS AND NUMBER OF RECIPIENTS FOR THE 10 MOST POPULOUS STATES, JULY 1992

	Medicaid Prov (Dollars in	Ider Payments Millions)		d Recipients Thousands)
	Medicaid Payments FFY 1992*	Percent of U.S. Total	Number of Recipients FFY 1992*	Percent of Junsdiction's July 1992 Population
National Total	\$91,479.6	100.0	31,150	12.2
California	8,691.7	9.5	4,486	14.5
New York	15,281.0	16.7	2,558	14.1
Texas	4,406.6	4.8	2,025	11.5
Florida	3,518.4	3.8	1,538	11.4
Pennsylvania	4,213.0	4.6	1,398	11.6
Illinois	4,070.0	4.4	1,313	11.3
Ohio	4,307.7	4.7	1,442	13.1
Michigan	2,802.0	3.1	1,129	12.0
New Jersey	2,801.6	3.1	697	8.9
North Carolina	2,083.2	2.3	785	11.5

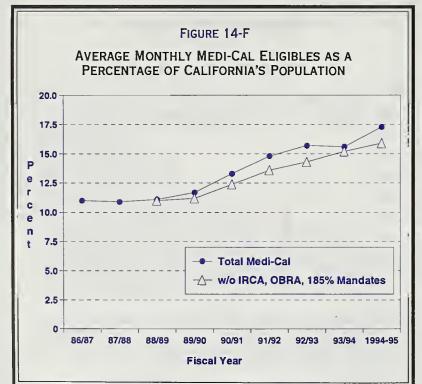
\*Source: Health Care Financing Administration, December 1993

eligibility thresholds for Medicaid as employed by the ten most populous states.

Benefits. Medi-Cal recipients are entitled to a full range of health services. The federal government requires states participating in Medicaid to provide a core of basic

services which include: physician, nurse practitioner and nurse-midwife services; hospital inpatient and outpatient services; specified nursing home care; laboratory and X-ray services; home health care; and early and periodic screening, diagnosis and treatment services for children to age 21.

In addition, the federal government provides matching funds for 33 optional services (e.g., out-patient drugs, adult dental, optometry, hospice, chiropractic, and occupational therapy). While all states provide some optional services, only thirty-six, including California, provide those services to both medically needy and categorically eligible Medicaid recipients. The Medi-Cal program now provides 28 of these optional services, which according to the HCFA, is surpassed only by seven other states, two of which do not provide optional services to their medically needy population. California's current optional benefits total in com-



parison with the ten most populous states is shown in Table 14-5. As discussed below, nine optional services are proposed for elimination, but tuberculosis coverage will be added.

Medical costs vary considerably among the various categories of persons eligible for Medi-Cal. For example, a member of a family linked to Medi-Cal by way of their AFDC status is estimated to incur benefit costs of \$1,026 in all of 1994-95, whereas a disabled person in long term care will incur costs exceeding \$4,000 each month. These differences in costs are illustrated in Figure 14-G.

Managed Care. In California, the traditional provision of Medi-Cal services has been through a fee-for-service system of health care delivery. Under this predominant system, qualified providers are paid for specific services as they are rendered. As an alternative to the fee-forservice program, the Department of Health Services also administers capitated, managed health care delivery systems. These capitated health care delivery systems include about 30 sites for Prepaid Health Plans (PHPs) and three dozen sites for Primary Care Case Management Systems (PCCMs) plus services such as the Senior Care Action Network of Long Beach (SCAN), On Lok Senior Health Services of San Francisco, and County-Organized Health Systems in Santa Barbara and San Mateo counties.

The Administration's continuing initiative to make managed care the system of preference in California has led to three new County-Organized Health Systems, now in their developmental stages—Orange, Solano and Santa Cruz. The Solano system is being implemented in April and the Santa Cruz system is planned to begin services in July. Orange County's system is expected to begin

service in January, 1995. In addition, Sacramento County is the site of the first "geographic capitation" managed care pilot project, and medical and dental managed care service contracts are in the final negotiation stages. Negotiations are being conducted by the California Medical Assistance Commission.

The Department of Health Services' strategic plan, Expanding Medi-Cal Managed Care, envisions expansion of managed care service delivery into thirteen additional counties: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Riverside, San Bernardino, San

## TABLE 14-3 MEDI-CAL CASELOAD COMPOSITION

(AVERAGE MONTHLY ELIGIBLES)

	1991-92	1992-93	1993-94	1994-95
Public Assistance	3,548,900	3,742,700	3,954,700	4,169,000
Long Term Care	66,800	69,000	71,000	72,700
Medically Needy	386,500	468,700	557,400	611,700
Medically Indigent	197,800	227,000	262,500	294,900
Refugee/OBRA/IRCA	322,500	365,900	373,500	398,800
All Other	93,700	124,300	154,500	184,500
Totals	4,616,200	4,997,600	5,373,600	5,731,600

#### **TABLE 14-4**

MEDI-CAL ELIGIBILITY LEVELS FOR A FAMILY OF THREE IN THE 10 MOST POPULOUS STATES JULY 1993

	AFDC Eligiblity Level	Percent of Poverty	Medicaid MN Eligiblity Level	Percent of Poverty
California	\$7,448	62.6	\$11,208	94.3
New York	6,924	58.2	9,204	77.4
Texas	2,208	18.6	3,204	26.9
Florida	3,638	30.6	3,636	30.6
Pennsylvania	5,052	42.5	5,604	47.1
Illinois	4,404	37.0	5,904	49.7
Ohio	4,092	34.4		
Michigan	6,612	55.6	6,804	57.2
New Jersey	5,316	44.7	7,092	59.6
North Carolina	6,528	54.9	4,404	37.0
10 State Average	<b>\$5</b> ,222	<b>43.</b> 9	\$6,340*	53.3*

Source: National Governor's Association, 1993. Excluding Ohio

#### **TABLE 14-5**

#### NUMBER OF OPTIONAL BENEFITS PROVIDED BY THE 10 MOST POPULOUS STATES

	Cash Grant Recipients	Medically Needy Recipients
California	28	27
New York	27	27
Texas	21	21
Florida	23	20
Pennsylvania	21	14
Illinois	26	26
Ohio	23	
Michigan	26	26
New Jersey	29	21
North Carolina	26	22

Source: Health Care Financing Administration, December 1993.

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Diego, San Francisco, San Joaquin, Santa Clara, Stanislaus and Tulare. Managed care expansion in each of these counties will be achieved through implementation of the two-plan model. Under the two-plan model, one managed care plan in each county will be a locally-developed comprehensive managed care system and the other will be a non-governmentally operated health maintenance organization (HMO). Initially, enrollment in this system will be required for AFDC-linked, AFDC-linked medically needy with no share of cost, and medically indigent children; Medi-Cal recipients in other aid categories will be permitted to enroll voluntarily. The Governor signed legislation which appropriates \$10 million for local planning activities needed to undertake this managed care expansion consistent with the elements of the Department's strategic plan.

Finally, recent statutory changes have changed the "default" from fee-for-service to managed care in those instances when a Medi-Cal beneficiary does not have an established primary care provider relationship and a managed care option is available in his or her community.

#### PROGRAM REDUCTION PROPOSALS

California continues to face a severe fiscal crisis. Consequently, it is essential that program expenditures be brought in line with available resources.

FIGURE 14-G MEDI-CAL COST BY ELIGIBILITY CATEGORY 1994-95 **Public Assistance** (AFDC) Public Assistance (SSVSSP) **Medically Needy Medically Indigent** Category's Percentage of Total Benefit Costs Long-Term Care Eligibility Category as Percentage of Average Monthly Caseload All Others 30 40 50 60 **Percentage of Total** 

Welfare Reform. The 1994-95 Governor's Budget builds on reforms initiated during the 1992-93 and 1993-94 budgets, and reflects the continuing priority of modifying expenditures in the AFDC program to further promote personal responsibility, make work pay and control unaffordable program growth. The Governor's Budget assumes implementation of the AFDC proposals effective July 1, 1994. It also assumes that due to the severe nature of the fiscal circumstances facing California, the necessary legislation to implement these proposals will be enacted by April 1, 1994. The key elements of these proposals include:

Grant Reduction. Current AFDC grants would be reduced by 10 percent, effective July 1, 1994, changing the cash grant level for a family of three from \$607 per month to \$546 per month. Given corresponding increases in Food Stamps, the net impact to a family would be a reduction of 4.9 percent. California's payment level would be the 9th highest among the 50 states after these reductions (currently it is fourth), and 2nd among the ten most populous states (currently it is first). General Fund grant savings in 1994-95 would be \$281.7 million.

Transitional/Basic AFDC Grant. A two-tier grant structure would be established. A transition grant for a maximum of six months, at the grant level described above, would be available to assist families requiring

immediate support. Effective January 1, 1995, those families with an able bodied adult continuing on aid beyond six months would shift to a basic grant, which would be 15 percent below the transitional grant. This structure reinforces the premise that AFDC is a temporary assistance program and encourages recipients to transition to the workforce. General Fund grant savings in 1994-95 are estimated to be \$157.0 million. This would establish a maximum aid payment of \$464 per month, ranking 12th among the 50 states and 2nd among the ten largest states. Given corresponding increases in food stamps, the net impact to a family of three would be a reduction of 6.5 percent. In addition, the amount that a family can earn before its grant is reduced will increase from \$282 to \$509 per month for a family of three without child care expenses. For a family with child care expenses, allowable earnings would increase from \$807 to \$1,033 per month. Increased support

in preparing for employment will also be provided (see below).

Maximum Family Grant. Currently, thirty-two percent of AFDC families conceive and give birth to additional children after coming on aid. Under current state law, if a family receiving AFDC has another child, the family is eligible for a larger grant. Under this component of welfare reform, a family which has an additional child while on aid would receive no increase in the AFDC grant. General Fund grant savings are estimated to be \$5.7 million in 1994-95. Further, AFDC benefits (including the \$70 special need payment) would no longer be available to pregnant women with no other dependent children during the early stages of pregnancy, but would continue to be available during the third trimester, consistent with federal law. The 1994-95 savings is estimated to be \$20.9 million.

Also, AFDC benefits would be available only when a teen parent resides with his or her parent, unless special circumstances justify another living arrangement. In California, over 10 percent of all births are to teenagers—the highest percentage of births to teen mothers in the nation. More than half of the AFDC-FG parents had their first child as a teen.

Time-Limited Aid. The intent that AFDC for a family with able-bodied adults be a transitional means of support while recipients are seeking self-sufficiency is not being realized. Approximately 60 percent of the AFDC caseload has been on aid longer than two years. It is estimated that 65 percent of cases include at least one able-bodied adult receiving aid. Aid for adults in these cases will cost the State more than \$200 million in 1994-95. Under this proposal the State would establish a twoyear limitation on the receipt of aid by able-bodied adults. After 24 cumulative months on aid, families with at least one able-bodied adult will receive a grant reduction equivalent to the amount of aid received by the ablebodied adult(s) in the case. These adults would continue to be eligible for Medi-Cal and Food Stamps. However, AFDC payments to eligible children will be made through a community agency representative payee if the adult is incapable of managing funds. This proposal would be effective July 1, 1996 for cases that have been on aid two years or longer at that time.

Employment Assistance—GAIN. The Budget Act of 1993 provides a General Fund augmentation of \$40.9 million to expand participation in the Greater Avenues for Independence (GAIN) program. Counties are not required to provide matching funds if they continue to provide GAIN services at the 1992-93 level. The Governor's Budget provides an additional General Fund

augmentation of \$1.4 million, which, along with anticipated efficiencies, will allow GAIN to serve all nonexempt AFDC recipients before they have reached their two year eligibility limitation. The Department of Social Services is continuing to work with counties to make the GAIN program more work oriented. Accordingly, the Department will provide a fiscal incentive starting July 1, 1994 to any county that voluntarily commits to achieving improved GAIN performance (measured by terminations from AFDC for GAIN participants and administrative efficiencies), or to sustaining an existing level of superior performance while serving more people. The goal of this incentive is to make GAIN cost-effective. The fiscal incentive will be paid from 50 percent of the State's share of AFDC savings resulting from AFDC terminations due to employment. The Department will establish a qualifying standard for county incentive payments. Improving counties will receive 50 percent of the State share of savings realized in AFDC. Counties operating above the established standard will receive an amount equal to 25 percent of the county share of GAIN expenditures.

To further employment opportunities, it is anticipated that the increased availability of federal funds for child care, pursuant to Chapter 1205, Statutes of 1991 (AB 2184), will expand the amount of child care available to AFDC recipients. The increased levels of employment resulting from the expansion of GAIN are expected to result in General Fund savings of \$8.2 million from reduced grants in 1994-95.

#### WELFARE PROGRAM INTEGRITY INITIATIVE

While the precise incidence of welfare fraud and the magnitude of other forms of overpayment are not known, experts, practitioners, and recipients agree that the problem is substantially larger than official quality control figures suggest. A recent study by Orange County and the State Department of Social Services, which identified intentional program violations in 61 percent of children-only cases meeting certain program characteristics (27 percent of all children-only cases), suggests that fraud is much more widespread than heretofore acknowledged. Furthermore, welfare rules are sometimes inconsistent in upholding program integrity. For example, when AFDC grants are reduced to recoup overpayments caused by recipient misstatements, Food Stamp allotments go up. Fraud and misuse waste limited tax dollars and undermine support for programs that are needed to assist the truly needy in California.

During the Fall of 1993, the Department of Social Services convened a strategic planning group consisting

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of county welfare directors, chief county fraud investigators, and representatives from the Departments of Health Services and Social Services to identify the factors that weaken the integrity of welfare programs. The goal of this group was to assist the Department in developing a comprehensive five-year plan for restoring integrity to welfare programs in California. Many of these concepts are proposed for 1994-95. Altogether, the Welfare Program Integrity Initiative is estimated to result in General Fund Savings of \$36.2 million in 1994-95. The major themes included in the Governor's Budget are as follows:

Emphasizing Prevention. Prevention is the most costeffective way to reduce fraud, and also helps recipients and families avoid the stigma of fraud and the disruption resulting from penalties or possible prosecution. The strategic plan includes several action steps designed to prevent welfare fraud. (1) Continued expansion of the Early Fraud program including the referral of cases in which the recipient provides questionable or suspicious information regarding the absent parent, and the establishment of an SSI/SSP Early Fraud unit. (2) An AFDC fingerimaging project to build on the success of fingerimaging in the General Assistance program to detect duplicate aid cases and control the use of false identification. (3) A public awareness campaign against fraud. One of the major barriers to program integrity identified by the strategic planning group is the widespread acceptance of fraud by recipients. Thus, it is important to communicate clearly that fraud is not acceptable and that it will be punished.

Welfare fraud detection is often made more difficult by the lack of adequate information. The strategic plan includes several proposals to supplement information in areas which are currently deficient. (1) The Department will expand the extent of verification required to confirm residency, the number of children claimed in an assistance unit, and to obtain identification (which is currently not required) from parents who are excluded from the assistance unit due to their immigration status. (2) The number of referrals made to fraud units will be increased by requiring quality control staff, who perform random case reviews, to refer cases to fraud investigators when the recipient refuses to cooperate, cannot be located, or there are other reasons for suspecting fraud or

Improving the Tools and Technology to Detect Fraud.

Increasing Accountability. All too often, recipients see welfare fraud as a no interest loan, one that they may never have to repay. The strategic plan addresses this issue with action steps designed to improve the collection of

misreporting. (3) The Department will develop a secret witness program to reward individuals who report welfare fraud. (4) An SSI/SSP fraud unit will be developed.

funds paid out because of recipient misreporting, raises the financial penalties for fraud, and removes barriers for penalizing fraud and misreporting. (1) Currently, counties are collecting only 12 percent of the total funds identified as having been overpaid. The Department will work with counties to improve collections, including introducing legislation to authorize interception of Unemployment Insurance and Disability Insurance payments, federal income tax refunds, and other sources of income. (2) Penalties for intentional program violations will be restructured so that Food Stamp allocations do not increase when AFDC grants are reduced, and financial recoveries can be made from all members of the family even if they are not part of the assistance unit. (3) The Department will use its legal ability to respond to fraud by implementing a program disqualification process. Those who commit intentional program violations will be disqualified from aid for six months for the first offense, one year for the second offense, and for life for the third offense.

Program Reform and Management Efficiency. The strategic plan calls for the redesign of programs to reduce their vulnerability to fraud and for measures to strengthen the management of welfare programs. (1) In the homeless assistance program, eligibility will be limited to once in a lifetime to eliminate repeat users who are not actually homeless, and the use of vouchers instead of cash will be proposed. (2) AFDC currently has different rules for counting the income of parents who are excluded from the grant, depending on the reason for the exclusion. Changes to regulations will be proposed to achieve consistency and equity in the way this income is counted. (3) Current law requires children between the ages of 16 and 18 to attend school as a condition of receiving AFDC. Current regulations, however, define attendance as being enrolled in school. San Diego County has discovered several cases in which recipients are enrolled in school, but not actually attending. The County and the State, therefore, will propose a pilot project to require and monitor attendance. (4) Several projects will be initiated to stop trafficking in Food Stamps, including investigation and prosecution of violators, and the use of credit cards instead of vouchers. (5) Other counties will be encouraged to perform fraud incidence studies to document the extent of fraud and the reasons for it.

#### **ADMINISTRATIVE EFFICIENCY**

Statewide Automated Welfare System (SAWS). SAWS will automate welfare eligibility processes and administrative functions for the AFDC, Food Stamps, Medi-Cal, Foster Care, Refugee, and County Medical Services

programs. The system will automate processes related to initial and continuing eligibility determination, benefit calculation, and case management and will provide management and program information. This information will be available at both the State and county levels. The 1994-95 budget proposes to continue some planning activities for statewide implementation. In addition, the Governor's Budget proposes an interim implementation of SAWS starting in 1993-94 in 14 counties representing approximately 9.7 percent of the caseload. Early implementation will demonstrate the capacity of the system and provide a field test of the assumptions used to estimate costs, savings, and schedules, which will provide valuable information for further implementation. The Governor's Budget proposes an additional 13.3 personnel years in 1994-95 and increased General Fund expenditures of \$15.0 million for both statewide planning and interim systems implementation. In addition, the Governor's Budget for 1994-95 reflects General Fund expenditures of \$5.9 million to continue the current pilot projects in Napa and Merced counties, and to support the development and implementation of a separate automated system by Los Angeles County.

## OTHER PROGRAM ADJUSTMENTS

Modifications to IHSS Eligibility. Currently, eligible recipients in the In-Home Supportive Services (IHSS) program receive benefits funded through the Medi-Cal program under the personal care option. The federal government funds 50 percent of the cost of these services. Federal Medicaid law, however, does not allow a relative to act as a provider of services. This means that those whose IHSS services are provided by a spouse or a child do not qualify for personal care services, and are served in the residual IHSS program. The Governor's Budget assumes that California will be successful in securing a federal law change to allow relatives to provide services under the personal care option. This would result in additional federal funds being available for the IHSS program. General Fund savings in 1994-95 are estimated to be \$46.2 million. IHSS is also one of the programs included in the State-Local restructuring proposal.

Limit SSI/SSP Eligibility for Drug and Alcohol Disabilities. Currently, approximately 24,000 individuals have been determined to be eligible for SSI/SSP on the basis of a drug or alcohol addiction, and this number increases by about 8,000 annually. Under current law, these persons are not required to undergo treatment, and, undoubtedly, some of the public funds they receive through grants are used to support their habits. The Governor's Budget proposes that, effective January 1, 1995, aid to these

cases be limited to two years. During their time on aid, these individuals would be required to maintain sobriety and receive treatment. California will seek a federal law change to implement this proposal, which would result in General Fund savings of \$13.1 million in 1994-95 and expanded support for treatment programs of \$6.8 million from federal savings.

Medi-Cal Optional Benefits. California can no longer afford to provide the full array of Medi-Cal optional benefits. The Governor's Budget assumes \$151.1 million in General Fund savings in 1994-95 from the elimination of certain optional benefits. Benefits proposed for elimination are adult dental, psychology, chiropractic, podiatry, independent rehabilitation centers, acupuncture, medical supplies, speech and audiology services and non-emergency medical transportation. These services will continue to be provided for children under age 21, persons in long-term care and persons with developmental disabilities.

County Administration Savings. County welfare offices perform basic eligibility and continuing eligibility determination functions for the Medi-Cal program. Based on the most recent estimates of 1993-94 expenditure levels, a savings of \$29 million is reflected in payments for County Administration. It is anticipated that these savings will carry over into 1994-95.

Contract For At-Risk Pharmacy Program Management. Currently, Medi-Cal pays providers on a fee-forservice basis for drugs dispensed. Under this proposal, which assumes a January 1, 1995 implementation, the responsibility for drug program management will be contracted on an at-risk basis. This will include decisions about which drugs to place on prior approval. The approval process itself will be the responsibility of the contractor, who will also be responsible for determining the amount to be paid for ingredient costs and dispensing fees within the level of funds available. Estimated General Fund savings in 1994-95 is \$33.9 million.

## FEDERAL PAYMENT FOR PROGRAM COSTS

Health Care for Illegal Immigrants. The Omnibus Budget Reconciliation Act (OBRA) of 1986 directs states to provide certain medical services to illegal immigrants. Part of the overall request for federal funding costs associated with illegal immigration is \$300 million in Medi-Cal costs. (See Chapter on Immigration for additional details.)

Elimination of the SSP Administrative Fee. In 1993-94 the federal government began charging states a fee for

administration of the Supplemental Security Income's (SSI) State Supplementary Program (SSP). This fee will cost the General Fund \$17.3 million in 1993-94. California and other states believe this fee is inequitable. Based on a long standing arrangement with the states, the federal government credits all of a recipient's countable income against the SSI (federal) portion of the grant. Only in cases where the SSI portion becomes zero and there is remaining countable income, does the income reduce the SSP (General Fund) portion of the grant. As a result, about one-fourth of the SSI/SSP caseload receives only an SSP grant. In exchange for these federal savings, the federal government agreed to support the full cost of program administration. In addition, while the federal government charges states for errors made in the AFDC, Food Stamps, and other programs, it does not reimburse states for errors it makes in SSI/SSP. Therefore, California and other states believe they will be successful in convincing the federal government to accept its responsibility to support SSI/ SSP administration. General Fund savings in 1994-95 are estimated to be \$42.7 million.

Full Reimbursement for Refugee Services. The Governor's Budget assumes that the federal government will provide funding for income support and health programs for refugees for the first 36 months after they are admitted to the United States, as required by federal law. This will result in General Fund savings in SSI/SSP of \$25.9 million, AFDC of \$40.4 million and Medi-Cal of \$45.1 million, assuming funding is available on October 1, 1994.

Increase in the Federal Medical Assistance Percentage. Currently, federal law establishes the Federal Medical

Assistance Percentage (FMAP), which is the level of federal funding for certain programs, through a formula based on personal income in each state. California's FMAP currently is 50 percent. Due to the persistent economic difficulties facing California and the inequities inherent in the current formula, the state will propose a change in federal law to establish a higher FMAP for California consistent with a recent General Accounting Office (GAO) Report. The Governor's Budget assumes a revised FMAP of 54.41 percent for California, consistent with the formula recommended in the GAO report. Based on an October 1, 1994 implementation date, this change would result in General Fund savings of \$407.6 million in Medi-Cal and \$187.9 million in Department of Social Services programs in 1994-95, including AFDC, Foster Care, Adoptions Assistance, Child Care, IHSS, GAIN, and Child Welfare Services.

### **PROGRAM INITIATIVES**

Notwithstanding the severe fiscal constraints facing the State, the 1994-95 Governor's Budget proposes increased expenditures in a variety of program areas designed to build upon the prevention agenda initiated by this Administration.

Tuberculosis Control. In 1992, California reported 5,382 cases of Tuberculosis (TB), the largest number of any state and representing a 54 percent increase since 1985. This epidemic disproportionally impacts children under the age of five among whom TB cases have increased 75 percent over this same period. The current trend predicts over 8,000 new cases by the year 2000. Contributing to this public health crisis are the estimated 11 percent of TB patients who do not now complete the required six to 12 months of treatment and the estimated 1.2 million people with TB infection who have not yet been screened. Currently, about 40 percent of California's TB patients are low income although not categorically eligible for Medi-Cal. Given the competition for scarce local public health resources, essential services such as directly observed therapy and case management are not adequately available for these patients.

The Governor's Budget includes \$17.4 million, including \$11.5 million from the General Fund, to initiate and support a five-year statewide interagency approach to controlling the spread of TB. This proposal includes implementing provisions of the federal Omnibus Budget Reconciliation Act (OBRA) of 1993 which allow Medi-Cal coverage for TB-infected persons who meet specific income criteria, funding for expanded directly observed therapy services for these and other TB patients through local health departments, promoting timely identification and reporting of TB disease, increased TB case management services, improved TB case contact investigation, funding for provider and community education and guidelines for TB control in high-risk institutional settings.

Education Now and Babies Later (ENABL) Campaign. In 1991, 71,793 infants were born to teen mothers in California. If each unintended birth was delayed until the mother was twenty, \$7,177 in costs for each such pregnancy, or \$287 million, could be reduced from the staggering medical and social costs of teen pregnancy in California. Prevention programs which help youth delay becoming sexually active can avoid these unintended pregnancies. The ENABL Campaign has had success in curbing teen pregnancy by helping 12 to 14 year-olds to recognize the pressures to become sexually active and providing these youth the skills to resist such pressures. To help meet the demand for ENABL services, the

Governor's Budget includes an additional \$5 million in General Fund support and \$5 million in federal Maternal and Child Health Title V funding to allow ENABL to reach an additional 200,000 12 to 14 year-olds.

Reinvestment in Immunization of Children. A critical public health objective identified by the U. S. Public Health Service for the year 2000 is to immunize 90 percent of preschool children by their second birthday. In 1991, however, only an estimated 37 percent to 56 percent of all two-year-olds were fully vaccinated nationwide and current health care practices fail to deliver vaccine on schedule to a large proportion of our vulnerable preschool-aged children. The OBRA of 1993 created a new program to promote vaccination of children by providing no cost vaccine to health care providers for all Medicaid-eligible children, for those children without health insurance, or whose insurance does not cover immunizations, and for Native American children. This OBRA funding will save California approximately \$30 million in the budget year from General Fund, Proposition 99 Tobacco Tax and Maternal and Child Health grant funds which are currently used to purchase vaccine. Because free vaccine alone is unlikely to achieve 90 percent immunization of California's children, the Governor's Budget proposes to reinvest \$20 million from the General Fund to enhance the current delivery system for immunizations. This amount includes \$14 million for increasing cost reimbursements for fee-for-service and managed care providers under the Child Health and Disability Prevention and Medi-Cal programs, \$2.5 million to expand immunization and outreach services in nonprofit community health centers and \$3.5 million to expand local health departments' delivery of immunizations at both their current sites and special clinic sites such as schools, HeadStart Centers, Women, Infant and Children (WIC) Program Clinics and AFDC offices, as well as efforts to link children from immunization-only clinics to sources of comprehensive health care and programs to measure childhood immunization levels periodically.

Women's Health Initiative. The Governor's health policy has emphasized efforts to improve the health of women through better access to health care, greater health education and with services focused on high risk populations. For 1994-95, the Governor's Budget includes an additional \$1,970,000 in General Fund support for the Department of Health Services to pursue this objective in three specific areas:

Develop, in conjunction with the Department of Justice and the Office of Criminal Justice Planning, a strategy to produce information on violent injuries to

- women in order to provide a rational basis for subsequent prevention program development,
- Enhance active surveillance through provider and laboratory visitation programs and to accelerate the disease intervention, diagnosis and treatment for highrisk persons in areas of high sexually transmitted disease morbidity, and
- Fund two Women's HIV Early Intervention Centers to provide assessment, education, counseling and case management services, as well as prophylactic therapies and minor medical treatments in an effort to prolong the health of HIV-infected women, to interrupt the transmission of HIV and to reduce future HIV/AIDS related health care costs.

Perinatal Expansion. The recently completed Perinatal Substance Exposure Study found that one in nine pregnant California women, some 69,000 annually, used alcohol or other drugs just prior to delivery. The compelling findings of this study underscore the need for education to prevent or reduce the use of alcohol and other drugs, especially during pregnancy. The study further revealed the need to target specific racial/ethnic populations with high incidence rates of alcohol and drug use during pregnancy.

The Governor's Budget proposes an additional \$5 million for expansion of the Perinatal Initiative, for an Initiative total of \$30 million. This additional funding will increase prevention and early intervention for specific target populations. A statewide prevention campaign will focus on the reduction of alcohol and other drug use by women and will be broadbased in an attempt to reach the maximum number of women in California. In addition, eight community-based programs, in neighborhoods where alcohol and drug use is high, will offer accessible, drop-in centers for social and health services and referrals.

Early Mental Health Initiative. Research has shown that the behavior of children who are "at-risk" of developing severe adjustment problems in school and society is often detectable at an early age. Providing early mental health intervention and prevention services to young children is both cost effective and improves the likelihood of a child's educational and social success. There are approximately 1.7 million children between the ages of five and nine in California. Current estimates indicate that approximately three of every ten children, or an estimated 500,000 children in California, are at risk for school failure. The Governor's Budget proposes an additional \$10 million in Proposition 98 funds to expand the Early Mental Health Initiative for a total of \$20

## **HEALTH AND WELFARE**

million. This will allow an additional 28,000 at-risk children to be served.

Access for Infants and Mothers (AIM). The AIM program provides subsidized health coverage for uninsured pregnant women and their infants up to the age of two. To be eligible for AIM, a woman must be pregnant, be a California resident, have a family income between 200 and 250 percent of the federal poverty level, not be receiving Medi-Cal benefits, and have no other insurance coverage for her pregnancy. AIM subscribers are charged two percent of their annual gross family income to participate in the program. Funding that is only sufficient to continue AIM enrollment through this January has been statutorily transferred to this program from the Cigarette and Tobacco Products Surtax Fund.

To protect access to care for the low-income, working Californians served by AIM, urgency legislation will be proposed to discontinue General Fund support for the Medi-Cal benefit which provides prenatal care for illegal immigrants and to instead use a portion of that funding for AIM. Illegal immigrants, however, will continue to receive emergency and obstetric services as required by federal law. For the remainder of 1993-94, a transfer of \$12.5 million from the General Fund to the Perinatal Insurance Fund used to support AIM is proposed. For 1994-95 and 1995-96, continuation of the annual \$57.6 million transfer from the Cigarette and Tobacco Products Surtax Fund is proposed, to be supplemented with General Fund transfers of \$38.5 million and \$28.2 million in those two years, respectively. In addition, this proposal entails waiver of the asset test in determining eligibility for perinatal coverage for Californians served by Medi-Cal. This latter change is estimated to cost \$4.9 million (\$2.5 million General Fund) in 1993-94 and \$11.8 million (\$5.5 million General Fund) in 1994-95.

Family Preservation. In 1988, California implemented the Family Preservation pilot program in three counties. Through Family Preservation, participating counties offer intensive multiple services to families in crisis while children remain in the home. This provides an alternative to out-of-home Foster Care placements for children. Currently, the average monthly Foster Care caseload exceeds 87,000 children. The cost of these placements exceeds one billion dollars annually.

Family Preservation is an attempt to provide intensive, individualized in-home services to families in crisis to break the cycle of abuse or neglect of children. Traditional child welfare services attempt to remedy a detrimental family situation after it has developed. Currently, there are Family Preservation programs in fourteen counties.

The Governor's Budget proposes to transfer the Foster Care program to the counties. Counties will have increased flexibility to allocate Foster Care dollars for Family Preservation programs. Additionally, the Governor's Budget proposes to utilize existing Family Preservation funding with the new federal Title IV-B funds of \$19.1 million to implement Family Preservation on a statewide basis. The Department of Social Services will work with county governments to phase-in the remaining counties by the end of the 1994-95 fiscal year and provide consultation and technical assistance to counties implementing Family Preservation services.

# DEPARTMENT OF DEVELOPMENTAL SERVICES

The Governor's Budget reflects two major efforts to expand care for California's developmentally disabled persons. As part of the Community Living Options effort, up to \$42,877,000 will be spent in the second year of a plan to reduce the developmental center population. This expenditure will fund alternative, community placements for a total of 520 clients, and provide crisis and other emergency services designed to prevent the placement into developmental centers of an additional 80 individuals. When fully implemented, the Community Living Options program will represent a commitment of more than \$112 million annually in community resources, resulting in a net population reduction of 2,000 developmental center clients, and producing a savings in developmental center costs in excess of \$74 million annually.

The Governor's Budget also reflects full implementation of the California Early Intervention Services Act (Chapter 945, Statutes of 1993). Under this program, services for children from birth to age three will be available for any child developmentally delayed or at risk of a developmental delay. In 1994-95, the federal government will provide \$26.8 million for this effort under the provisions of Part H of the Individuals with Disabilities Education Act.

### DEPARTMENT OF SOCIAL SERVICES

SSI/SSP The SSI/SSP program provides cash grant assistance to eligible aged, blind and disabled persons who meet the program's income and resource requirements. This program is administered by the federal Social Security Administration which determines eligibility, computes grants and disburses the combined monthly payment to recipients. California supplements the federal SSI payment with an additional SSP payment. The

combined SSI/SSP grant is intended to cover the recipient's basic needs and living expenses.

In 1994-95 the Governor's Budget proposes \$2.1 billion General Fund for the SSI/SSP program which will provide assistance to approximately 1,043,000 persons. Although it is commonly thought that the SSI/SSP program primarily assists the low-income elderly, almost two-thirds or 65 percent of the SSI/SSP caseload consists of disabled persons. The remainder of the SSI/SSP caseload is made up of the aged (33 percent) and the blind (2 percent of caseload). Caseload in this program has increased by 57.3 percent since 1984-85. (California's population increased by 25.8 percent over the same period.) Growth in the disabled population is the primary factor in the caseload increase over the last ten years. Disabled caseload has increased by 78.7 percent while the aged caseload increased by 29.3 percent and blind by 20.9 percent. This trend is expected to continue in 1994-95. Projected growth in disabled caseload of 6.8 percent is partially offset by a 2.4 percent growth in the aged caseload and a 1.3 percent growth in the blind caseload for an overall estimated caseload increase of 5.2 percent in 1994-95.

Table 14-6 provides a comparison of SSI/SSP payment standards and the AFDC maximum aid payment for California and the nine other most populous states. As

this table shows, California's payment standards are the highest among this group. Nationally, California has the third highest SSI/SSP payment standard among the fifty states.

# DEPARTMENT OF HEALTH SERVICES

The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects to be financed from General Obligation bond issues which will be proposed before the electorate in either the June and/or November general elections. Specifically, a \$1.4 billion Public Safety General Obligation Bond issue is proposed. Of this amount, \$90 million is identified to fund the construction of a public health lab facility for the Department of Health Services. The proposed budget includes a \$1.5 million appropriation from the Public Safety Bond for this purpose.

# PROPOSITION 99: THE TOBACCO TAX AND HEALTH PROTECTION ACT OF 1988

The Governor's Budget reflects expenditures from the Cigarette and Tobacco Products Surtax Fund which were established by Proposition 99 in 1988, as authorized in current law. Tables 13-7, 13-8, and 13-9 display the available revenues and proposed expenditures from the Cigarette and Tobacco Products Surtax Fund in 1992-93, 1993-94 and 1994-95. The 1993-94 revised expenditures reflect normal caseload adjustments as well as those reductions to other appropriations as needed to maintain a reserve of two percent on June 30, 1994, when the current statutory program and funding authority expire for those programs funded from the Health Education, Hospital Services, Physician Services and Unallocated Accounts. For 1994-95, the proposed expenditures assume passage of legislation to extend program and funding authority for the current array of programs and services for another two years. Expenditures have been adjusted for estimated caseload changes as well as the decline in Cigarette Tax revenues.

In recognition of its success, 1994-95 expenditures for the media campaign funded from the Health Education Account are maintained at the 1993-94 adjusted level. The media campaign will be included on the list of protected programs as Proposition 99 revenues decline.

**TABLE 14-6** 

#### COMPARISON OF PAYMENT STANDARDS FOR THE TEN MOST POPULOUS STATES SSI/SSP AS OF MARCH 1993, AFDC AS OF OCTOBER 1993

	SSI/SSP Payment Standards Independent Living Arrangement Aged and Disabled Blind						
States <sup>1/</sup>	Individuals	Couples	Individuals	Couples	Family of <sup>3/</sup>		
California <sup>2/</sup> New York	\$603 520	\$1,109 754	\$670 520	\$1,297 754	\$607 577		
Texas <sup>3/</sup>	434	652	434	652	184		
Florida <sup>3/</sup>	434	652	434	652	303		
Pennsylvania	466	701	466	701	403		
Illinois4/	434	652	434	652	367		
Ohio <sup>3/</sup>	434	652	434	652	341		
Michig <i>a</i> n	448	673	448	673	459		
New Jersey	465	677	465	677	424		
North Carolina <sup>3/</sup>	434	652	434	652	272		

1/ In descending order by state population, 1990 census.

Payment Standard reflects a 9/93 2.7% reduction to the total 6/93 SSI/SSP standard. More current data on the other states not yet available.

These states do not supplement SSI for an independent living arrangement.
 Does not have a standard SSP allowance. Payments are based upon individual needs and circumstances.

# HEALTH AND WELFARE

Increased costs for health screens in the Child Health and Disability Prevention program are funded from the Unallocated Account as part of the redirection of funds from Proposition 117, the Mountain Lion Initiative.

#### STATE-LOCAL REALIGNMENT

During 1991-92, the administration and funding of a number of health, mental health and social services programs were transferred from the State to the counties under the State-Local Realignment initiative. Chapter 89, Statutes of 1991, established the Local Revenue

**TABLE 14-7** 

# CIGARETTE AND TOBACCO PRODUCTS SURTAX FUND REVENUES AND EXPENDITURES—1992-93 ACTUALS

		231	232	233		235		
	Admin	Health	Hospital	Physician	234	Public	<b>23</b> 6	100
		Education	Services	Services	Research	Resources	Unallocated	
Revenues:	Equalization	n Account	Account	Account	Account	Account	Account	Total
Beginning Balance		\$37,646	- \$698	\$8,797	\$2,692	\$13,342	\$15,742	\$77,521
Prior Year Adjustment		- 5,615	683	-60	367	80	467	- 4,078
1989-90 CHIP Funds (LA Co)							29,437	29,437
CHIP Recoupments							7,956	7,956
1992-93 Revenues	\$461	99,739	174,544	49,870	24,935	24,935	124,674	499,158
Interest Eamed	_=	4,390	<u>497</u>	267	<u>1,768</u>	<u>1,316</u>	<u>629</u>	<u>8.867</u>
Total Revenues	461	136,160	175,026	58,874	29,762	39,673	178,905	618,861
		(20.0%)	(35.0%)	(10.0%)	(5.0%)	(5.0%)	(25.0%)	(100%)
Transfers:								
Per Proposition 117							- 12,467	- 12,467
Access for Infants and Mothers	3							
(AIM)			- 4,939	- 13,676			- 24,000	- 42,615
Major Risk Medical Insurance								
Fund (Ch. 1168/89)			- 18,000	- 11,000			- 1,000	- 30,000
Habitat Conservation Fund						- 9,000		- 9,000
Total Transfers		<del></del>	<u>- 22,939</u>	<u>- 24,676</u>		9,000	<u>- 37,467</u>	- 94,082
Revised Total Resources	\$461	\$136,160	\$152,087	\$34,198	\$29,762	\$30,673	\$141,438	\$524,779
1992-93 Expenditures								
Department of Health								
Services		99,060	143,236	29,593	1,491		109,763	383,143
Department of Education		25,798						25,798
Office of Statewide Health		_0,.00						20,700
Planning			392					392
University of California					23,704			23,704
CA Conservation Corps					,	226		226
Forestry and Fire Protection						1,584		1,584
Fish and Game						7,106		7,106
Wildlife Conservation Board						890		890
Parks and Recreation						11,767		11,767
Water Resources						39		39
Water Resources Control								
Board						722		722
Board of Equalization	461							461
CA Tahoe Conservancy						702	••	702
Legislative Claims						12		12
Payment of Specified								
Attorney Fees		31						31
Direct ProRata Charges	_=		102	32	<u>79</u>	4	84	301
Total Expenditures	\$461	\$124,889	\$143,730	\$29,625	\$25,274	\$23,052	\$109,847	\$456,878
Reserve		\$11,271	\$8,357	\$4,573	\$4,488	\$7,621	\$31,591	\$67,901

Fund to receive the revenues from a new one-half cent sales tax and an increase in motor vehicle license fees. A total of fourteen other accounts and subaccounts within the Local Revenue Fund were also established in this legislation, as well as rules governing the amounts of revenues to be deposited in each, and procedures for allocating the deposited funds to participating local governments.

A total of \$2.2 billion in revenues was projected to be received and allocated in 1991-92. However, due to the unexpected severity of California's economic downturn, the revenues which flowed into the Local Revenue Fund during 1991-92 fell short of initial projections by \$242 million. One consequence of this shortfall was to stimulate a discussion among local governments and affected

constituencies regarding the use of Realignment growth revenues, which began to be generated in 1992-93. Ultimately, agreement was reached under which growth revenues not needed to meet caseload increases in entitlement programs would initially be used to restore each program's base to the amount originally projected for 1991-92. Once that was accomplished, growth funds not needed for caseload would be used to address equity issues and to provide funding for general purposes. Legislation to implement this agreement was enacted as Chapter 100, Statutes of 1993 (SB 364).

As provided in Chapter 100, Statutes of 1993, Realignment revenue growth during 1992-93 was used to restore a portion of the 1991-92 funding shortfalls. A total of \$136.3 million in growth revenue was generated in

TABLE 14-8
CIGARETTE AND TOBACCO PRODUCTS SURTAX FUND
REVENUES AND EXPENDITURES—1993-94 ESTIMATED

		231 Health Education	232 Hospital Services	233 Physician Services			236 Unallocated	
Revenues: E	qualizatio	n Account	Account	Account	Account	Account	Account	Total
Beginning Balance		\$11,271	\$8,357	\$4,573	\$4,488	\$7,621	\$31,591	\$67,901
1993-94 Revenues	\$469	93,433	163,508	46,717	23,358	23,358	116,793	467,636
Estimated Interest		<u>1,600</u>	500	150	_1,800	<u>750</u>	650	5,450
Total Revenues	469	106,304	172,365	51,440	29,646	31,729	149,035	540,987
		(20.0%)	(35.0%)	(10.0%)	(5.0%)	(5.0%)	(25.0%)	(100%)
Transfers:								
Per Proposition 117							- 11,679	- 11,679
Access for Infants and								
Mothers (AIM)			- 4,939	- 13,676			- 39,000	- 57,615
Major Risk Medical Insurance								
Fund (Ch. 1168/89)			- 18,000	- 11,000			- 1,000	- 30,000
Habitat Conservation Fund	_=				_=	<u>-3,246</u>		-3,246
Total Transfers			- 22,939	- 24,676		- 3,246	- 51,679	- 102,540
Revised Total Resources	\$469	\$106,304	\$149,426	\$26,764	\$29,646	\$28,483	\$97,355	\$438,447
1993-94 Estimated Expenditures								
Department of Health Services		82,230	145,527	25,720	1,653		93,878	349,008
Department of Education		21,948			-	-	471	22,419
Office of Statewide Health Planni	ng		402					402
University of California					26,269			26,269
CA Conservation Corps						226		226
Forestry and Fire Protection						606		606
Fish and Game						8,418		8,418
Parks and Recreation Water Resources Control Board			••			15,543		15,543
Board of Equalization	469					770		770 469
Direct ProRata Charges	469		50	 15	66		259	390
Total Estimated Expenditures	\$469	\$104,178	\$145,979	\$25,735	\$27,988	\$25,563	\$94,608	\$424,520
Reserve		\$2,126	\$3,447	\$1,029	\$1,658	\$2,920	\$2,747	\$13,927

## **HEALTH AND WELFARE**

1992-93, enabling approximately 56 percent of the shortfall to be eliminated.

Realignment growth revenues during 1993-94 will also be used for base restoration purposes. The total growth is projected to be approximately \$40 million. Assuming that there is no net growth in Realignment caseload programs during the current year, these revenues will be sufficient to restore each realigned program to 97 percent of its original base. Table 14-10 identifies the actual 1992-93 and estimated 1993-94 allocations of sales tax and vehicle license fees.

In 1994-95, the Administration is proposing that a second phase of State-Local Realignment be implemented. Under this proposal, the existing Realignment sales tax revenues, plus one-half cent of the existing General Fund sales tax, would be deposited into a newly created Client Services Fund. In addition, the existing Realignment share of vehicle license fee revenues would be deposited into the Community Services Fund. Counties would not be required to spend specific portions of these funds on either health or social services programs; consequently, Table 14-10 lists the amounts flowing through each of the two new funds only in the Totals column.

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# CIGARETTE AND TOBACCO PRODUCTS SURTAX FUND APPROPRIATIONS—1994-95 PROPOSED

Revenues:	Admin Board of Equalizatio	231 Health Education n Account	232 Hospital Services Account	233 Physician Services Account	234 Research Account	235 Public Resources Account	236 Unallocated Account	Total
Beginning Balance		\$2,126	\$3,447	\$1,029	\$1,658	\$2,920	\$2,747	\$13,927
1994-95 Revenues	\$889	88,902	155,578	44,451	22,226	22,226	111,128	445,400
Estimated Interest		300	200	50	650	300	50	1,550
Total Revenues	889	91,328	<u>159,225</u>	<u>45,530</u>	24,534	<u>25,446</u>	<u>113,925</u>	460,877
		(20.0%)	(35.0%)	(10.0%)	(5.0%)	(5.0%)	(25.0%)	(100%)
Transfers:								11
Access for Infants and								1
Mothers (AIM)			- 4,939	- 13,676			- 39,000	- 57,615
Major Risk Medical								
Insurance Fund (Ch. 1168/89			- 18,000	- 11,000			- 1,000	- 30,000
Total Transfers			<u>- 22,939</u>	<u>- 24,676</u>		<del>-</del>	- 40,000	<u>- 87,615</u>
Revised Total Resources	\$889	\$91,328	\$136,286	\$20,854	\$24,534	\$25,446	\$73,925	\$373,262
4004.05 5-6								
1994-95 Estimated Expenditure								
Department of Health Services		70,280	127,947	18,577	1,696		59,084	277,584
Department of Education		16,383					327	16,710
Office of Statewide Health Plan	ning		358					358
University of California					21,564			21,564
CA Conservation Corps	••					234		234
Forestry and Fire Protection						334		334
Fish and Game						8,213		8,213
Parks and Recreation						11,732		11,732
Santa Monica Mountains Cons						2,209		2,209
Department of Water Resource	_						8,613	8,613
Water Resources Control Board	_					776		776
Board of Equalization	889							889
Direct ProRata Charges		99	20		47		205	371
Total Estimated Expenditures	\$889	\$86,762	\$128,325	\$18,577	\$23,307	\$23,498	\$68,229	\$349,587
Reserve		\$4,566	\$7,961	\$2,277	\$1,227	\$1,948	\$5,696	\$23,675

Please see the section on Restructuring the State-Local Relationship for additional information.

U.S. Department of Health and Human Services will reallocate unused SLIAG monies among states with remaining unpaid claims.

# IMMIGRATION REFORM AND CONTROL ACT OF 1986

The federal government enacted the Immigration Reform and Control Act (IRCA) in November 1986. Through IRCA, State Legalization Impact Assistance Grant (SLIAG) funds have been allocated to states to assist in the cost of providing public health, public assistance, and education services to eligible persons who applied for legal residence status. Eligible persons were those people who had been illegally residing in the United States either prior to January 1, 1982 (pre-82s) or had been engaged in specific types of agricultural work for at least 90 days before May 1, 1986 (special agricultural workers or SAWS). Pre-82 applicants had until May 4, 1988, to apply for temporary residency while SAWS could apply through November 30, 1988. The five-year eligibility for persons to have been served under this program has expired for almost all clients. Over 3 million persons nationwide applied for legal residence status under IRCA, according to the U.S. Immigration and Naturalization Service (INS). Of that number, more than 50 percent reside in California.

The amount of SLIAG funds authorized for the states under the 1986 IRCA legislation, after deducting an estimated \$500 million offset for federal costs. was expected to be \$3.5 billion. Of that amount, California's share, based on population and costs, had been expected to be, minimally, \$2.1 billion, or 60 percent. Actual claims data, however, reveal that California's cumulative IRCA-related costs could approximate \$2.4 billion. To date California has received a cumulative total of \$2.15 billion in SLIAG funding from the federal government; and, with its FFY 94 appropriation, Congress now has fully allocated the total \$4 billion that had been authorized by IRCA in 1986. There is some likelihood, however, that the

#### **TABLE 14-10**

## STATE-LOCAL REALIGNMENT REVISED PER SB 463 (\$000) 1992-93

	Mental	Public	Social	
Account	Health	Health	Services	Totals
Sales Tax:				
Sales Tax Account:				
Mental Health Subaccount	\$670,284	_	_	_
Health Subaccount		\$153,916	_	_
Social Services Subaccount	<u> </u>	_	\$467,043	_
Total = 92-93 Base:	_	_		\$1,291,243
Sales Tax Growth Account:				ψ., <u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>
Caseload Subaccount	_	_	34,920	34,920
Base Restoration Subaccount	24,818	_33,889	6,277	64,984
Total Sales Tax:	\$695,103	\$187,805	\$508,239	\$1,391,147
VLF:*				070 -71
VLF Account	40.004	679,574		679,574
VLF Growth	13,884	18,958	3,511	36,354
Total VLF:	13,884	698,532	3,511	715,927
Total Realignment	\$708,987	\$886,337	\$511,750	\$2,107,075
	4000			
	1993-9	94		
	Mental	Public	Social	
Account	Health	Health		Totals
Sales Tax:	Houldi	Hounn	00111003	70.013
Sales Tax Account:				
Mental Health Subaccount	\$695,103	<u></u>		_
Health Subaccount	Ψ033,100	\$187,805	$\equiv$	_
Social Services Subaccount		ψ107,005 —	\$508,239	
Total = 93-94 Base:				\$1,391,147
Sales Tax Growth Account:	_			Ψ1,031,147
Caseload Subaccount				
Base Restoration Subaccount	7,897	10,783	1,997	20,678
Total Sales Tax:	\$703,000	\$198,589	\$510,236	\$1,411,825
= .				
VLF: *	10.001	000 500	0.544	745.007
VLF Account	13,884	698,532	3,511	715,927
VLF Growth	7,287	9,951	1,843	19,081
Total VLF:	21,171	708,483	5,354	735,008
Total Realignment	\$724,171	\$907,072	\$515,591	\$2,146,833
	1994-9	25		
	1334-5	7.0		
	Mental	Public	Social	
Account	Health	Health	Services	Totals
Client Services Fund:				
Sales Tax - General Fund				\$1,409,000
Sales Tax - Realignment				1,449,220
Community Services Fund:				
Vehicle License Fees *				740,600
Property Tax				
Total Realignment				\$4,738,820
- Law Floating Millorit				.,. 25,025
45 4 . 4.4				

<sup>\*</sup> Does not include \$11 million in Vehicle License Collection Account monies since these are not derived from Realignment revenue sources. Note: Some totals do not add due to rounding.

## **HEALTH AND WELFARE**

Because the eligibility period for this program essentially has expired, and pursuant to Budget Act provisions, almost all recent SLIAG funding has been applied to the payment of prior years' outstanding claims. State entitlement claims proposed for payment in 1993-94 total \$399.6 million and reflect recent Cost Documentation

System information. It is expected that local government claims would require the principal amount of any supplemental grant that California might receive, because state government claims will have been substantially satisfied through the allocations shown in Table 14-11.

			TABLE 1	14-11					
IMMIGRATION REFORM AND CONTROL ACT									
				PENDITURE					
		(Do	LLARS IN	THOUSANDS	5)			2 1 2 2 2 2 2	
Program Allocation	<b>1</b> 987 <b>-8</b> 8	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	Category Totals	
Public Health									
TB/Leprosy Control Sexually Transmitted	\$1,477	\$1,533	\$530	\$552				\$4,092	
Diseases	1,518	1,077	1,035	1,079				4,709	
Immunizations	24	46	336	242	\$242			890	
Perinatal Services		••	137		••		-	137	
Family Planning	••	1,068		989	989	-	••	3,046	
Adolescent Family Life		24.000	22	99				121	
IRCA Subvention	10,416	21,060	21,948	26,047	29,595	 E00	17,756	126,822	
Public Health Administration		1,012	1,527	1,816	1,238	<u>588</u>		6,462	
Subtotals	\$13,716	\$25,796	\$25,535	\$30,824	\$32,064	\$588	\$17,756	\$146,279	
Public Assistance									
General Assistance	11	448	1,877	1,308	••	2,440	1,056	7,140	
Foster Care	22	880	1,178	2,052	••		2,807	6,939	
AFDC-FG	11	121	298	2,358			-	2,788	
SSI/SSP		2,256	8,966	20,766			51,707	83,695	
Food Stamps	17	129	293	908			3,795	5,142	
Housing		137	110			40.745		247	
Medi-Cal	221	7,959	35,769	164,978	11,500	49,745	334,051	604,002	
Calif. Children's Services	321	256	355	355		24.021	20.040	1,287	
Medically Indigent Services	73,733	149,971	178,917	180,323		84,031	92,049	759,024	
County Medical Services Primary Care Clinics	225 8,696	1,343 8,597	2,409	4,360	•• 	2,466	5,000	15,803	
Mental Health	8,696	8,597 8,992	9,120 6,654	13,000 8,564		4,340	2,356	46,109	
Prior year adjustments		8,992	6,654	8,564		6,169	8,923 7,265	33,133 13,434	
HCD Administration		55	69	65		0,100	7,200	13,434	
DMH Administration		132	300	248				680	
DSS Administration	209	515	569	648	599	475	99	3,114	
DHS Administration		996	2,347	2,687	1,730	1,309	960	10,029	
HWA Administration		1,206	1,020	1,394	132	138	100	3,990	
Auditor General Administration			30					30	
Subtotals	\$83,245	\$183,993	\$250,281	\$404,014	\$13,961	\$151,113	\$510,168	\$1,596,775	
Anti-Discrimination/Education	n								
EDD		••		548				548	
Employment & Housing		••		565				565	
HWA	_==			740	_=			<u>740</u>	
Subtotals				\$1,853	-			\$1,853	
Education									
Adult Education	8,063	112,399	104,814	87,347	56,231	24,825	1,091	394,770	
K-12	926	1,233						2,159	
SDE and CCC Administrati		1.553	<u>1,836</u>	2,090	971	602	<u>425</u>	<u>7,728</u>	
Subtotals	\$9,240	\$115,185	\$106,650	\$89,437	\$57,202	\$25,427	\$1,516	\$404,657	
		\$324,974	\$382,466	\$526,128	\$103,227	\$177,128	\$529,440	\$2,149,564	

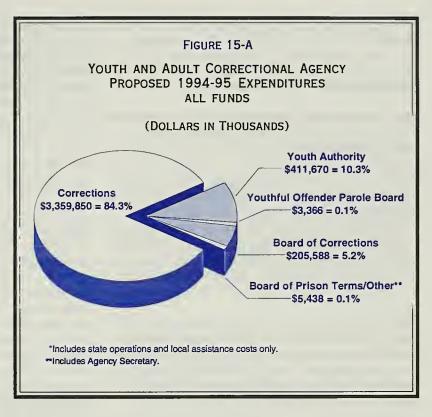
The Administration continues to make public safety a top priority. The amounts proposed for the Youth Authority, the Department of Corrections, the California Highway Patrol and the Department of Justice reflect this commitment to the safety and security of all Californians.

The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects and related activities to be financed from general obligation bond issues which will be proposed before the electorate in the June and/or November general elections. Specifically, a \$1.4 billion Public Safety Bond is proposed to provide the State with the ability to meet a variety of public safety needs. These funds would be allocated to the Department of Corrections and Department of Youth Authority to meet their continuing facility needs, the Military Department and Office of Emergency Services to meet their headquarters/

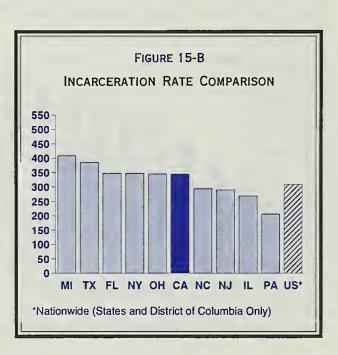
service center needs, the Department of Forestry and Fire Protection to provide facilities for forest fire stations, the Department of Water Resources to continue its local flood control program, and the Department of Health Services to construct a public health laboratory.

The 1994-95 Governor's Budget supports the correctional programs required for the steadily increasing prison population, which results from tougher criminal sentencing laws and increased law enforcement efforts. For example, the most recent fall 1993 inmate population projections of the Department of Corrections predict that the inmate population will grow to 134,981 by June 30, 1995, a two-year increase of nearly 19,500 inmates. Based on the projected number of inmates, as of June 30, 1995, California's prisons will operate at a crowding level of approximately 180 percent.

Although California has the largest inmate population in the United States, on a per inmate basis California's institutions are operated with less uniform staff than most other states. Based on the ratio of inmates to uniform staff, as of January 1, 1993, California is ranked 47th. The total inmate and parole populations will require a workforce of nearly 36,000 personnel years in 1994-95. As shown in Figure 15-A, funding to support the various programs within the Youth and Adult Correctional Agency will grow to approximately \$4.0 billion. This amount reflects an 8.5 percent



increase over the revised current year budget. Despite the growth in the size of these programs, it should be noted that, for Calendar Year 1992, California was ranked only 18th among the 50 States and the District of Columbia for its incarceration rate of 344 inmates per 100,000 population, compared to a nationwide rate of 308 inmates, as reflected in Figure 15-B.



## PUBLIC SAFETY

The following expenditure programs for public safety are included in the 1994-95 Governor's Budget:

#### **DEPARTMENT OF CORRECTIONS**

The Department of Corrections (CDC) is responsible for incarceration of convicted felons and for the supervision of these felons after their release on parole.

By June 30, 1994, California's prison population will have grown from less than 35,000 inmates in 1983 to more than 126,000. The department now operates 27 institutions, 10 reception centers, 39 camps and 52 community correctional facilities with a total design capacity of 69,000. During the last ten years, the parole population climbed at almost the same rate of growth, growing from less than 28,000 to 87,000.

The 1994-95 Governor's Budget proposes \$3.4 billion, including \$236.7 million in general obligation bond debt service costs and 35,900 personnel years for State operations and local assistance programs, to accommodate these expanding populations (see Figure 15-C).

The department's inmate population is projected to increase from 126,323 on June 30, 1994, to 134,981 by

June 30, 1995, an increase of 8,658 inmates, or 6.9 percent. The Governor's Budget proposes an increase of \$273.3 million and 2,784 personnel years over the revised 1993-94 budget to support this increased population, including the staff and operating costs to fully activate new institutions in Fresno County (California State Prison Coalinga) and at California State Prison Madera County II.

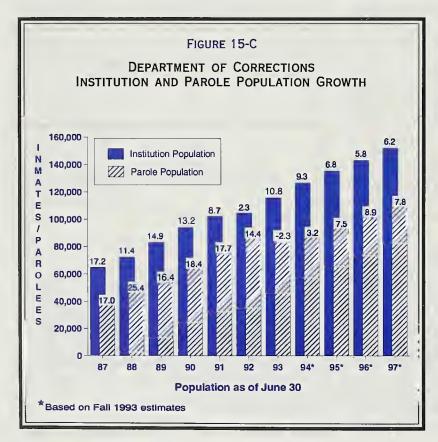
The parole population is projected to increase from 86,589 on June 30, 1994, to 93,062 on June 30, 1995, an increase of 6,473 parolees, or 7.5 percent.

Mental Health Care Delivery System. Driven by more and more complex mental health demands from an increasing inmate population, the department is implementing a multi-level approach to addressing mental health issues within the institutional setting. The 1994-95 Governor's Budget proposes \$8.1 million in General Fund spending and 112 personnel years to implement an expanded mental health care services program. This program will provide the department the ability to appropriately identify and provide services to inmates in a timely and comprehensive manner. It encompasses the screening and evaluation of inmates entering the State correctional system through reception centers, clinical case management for inmates with serious mental disorders who can remain in the

general population, and mental health crisis care for inmates with immediate and short-term mental health inpatient care needs.

The intent of this program is to provide early intervention and care which will result in the ability to stabilize and treat inmates quickly, allowing the department to house inmates in the most cost-effective manner and least restrictive environment. The implementation of this program should also eliminate the need to annually increase reliance on Department of Mental Health acute and long-term mental health inpatient care, which currently costs \$85,000 per bed per year.

Correctional Management Information System. The budget reflects the continuation of the department's effort to develop a single automated offender information system. The 1994-95 Governor's Budget proposes \$2.1 million and 3 personnel years to



continue the development of the Correctional Management Information System. Once implemented, the system will create a single automated capability that will satisfy the needs of all offender information system users and serve as the hardware and software platform for future information systems.

For 1994-95, the following significant budget changes are also proposed:

- \* \$21.2 million to lease 1,800 local county jail beds.
- \$8 million 1994 Public Safety Bond Fund for telephone switch replacement at the California Institution for Men and the California Rehabilitation Center to revamp existing systems and maximize security.
- \$1.7 million 1984 Prison Construction Bond Fund for the completion of the Trunked Radio Systems (the 800 Megahertz Radio System, the California Multi-Agency Radio System, and the California Law Enforcement Radio System) at 14 institutions.
- 2 personnel years continued on a two-year, limitedterm basis, funded through the redirection of existing resources, to support the "Righturn" substance abuse program at the Richard J. Donovan Correctional Facility. One position will be responsible for the in-prison component of the Righturn program, while the other position will act as the liaison between the department and residential care providers.
- 1 personnel year to implement a three-year pilot Domestic Violence Intervention Project in Sacramento and Fresno. The position will be funded from the projected institution bed savings (33 beds and/or \$370,000) that will occur due to the projected reduced recidivism rate for these inmates once they have graduated from the pilot program.
- 3 personnel years to implement a two-year pilot Sex Offender Program statewide. The positions will be funded from the projected institution bed savings that will occur due to the projected reduced recidivism rate for these inmates once they have graduated from the pilot program.

#### PRISON CONSTRUCTION

Over the past eleven years, the Department of Corrections has been responsible for managing the most extensive and aggressive prison construction program in the history of the nation. The impetus behind new prison

construction has been the dramatic result of tougher laws and more severe penalties. No new prisons had been built in California since the 1960s. As the prison population continued to climb, the New Prison Construction Program, administered by the department, was established.

Before the New Prison Construction Program commenced, there were 12 prisons in the State prison system. To date, 22 major projects, which include three 500-bed additions and new modular housing units at existing institutions, have been completed. These projects vary in size from 100 to over 3,000 beds. In addition, 13 new conservation camps were added and three existing camps were expanded. The department also recently completed the construction of a 75-bed hospital at the California State Prison, Corcoran. This was the first prison hospital constructed in California in over 30 years.

Four new prisons are presently under construction: Ironwood State Prison in Riverside County, adjacent to Chuckawalla Valley State Prison; California State Prison, Coalinga in Fresno County; California State Prison, Madera County II, adjacent to Central California Women's Facility; and California State Prison, Lassen County near Susanville, adjacent to the California Correctional Center. Construction is scheduled to begin in 1994 on California State Prison, Monterey County. An environmental impact report is in progress for the California State Prison, Kings County at Corcoran II project, including the Secure Substance Abuse Treatment Facility. Upon the completion of these projects, the department will have added approximately 53,000 prison beds to the 27,000 beds available at the beginning of the New Prison Construction Program. (Refer to Table 15-1 for a listing of all new prison-bed projects.)

A significant contribution to this effort has been the department's use of various prototype building plans which, depending on the level and mission, can be refined and adapted, as needed, to new sites. The use of prototype building plans has not only streamlined design and the construction process but has also reduced design and construction costs.

Projections indicate that the prison population will continue to increase faster than new prisons can be constructed. Presently, the State prison system is operating at approximately 180 percent of design bed capacity. Based on current projections, unless additional prisons are sited and constructed, the State prison system will be operating at approximately 214 percent of design capacity by mid-1999. Even taking into consideration the approximately 7,400 planned community correctional and leased jail beds, the occupancy rate would still

## PUBLIC SAFETY

be in excess of 200 percent, given current population projections. Figure 15-C illustrates this disparity. Gymnasiums and dayrooms have already been converted to house inmates that cannot be accommodated by double-celling and the crowding of dormitories.

Financing the costs of new prison construction has been

provided through a mixture of funding methods: general obligation bonds, revenue bonds backed by lease purchase agreements, and direct appropriations from the General Fund. General obligation bonds are the cornerstone. Five Prison Construction Bond Acts totaling \$2.6 billion of the \$5.1 billion New Prison Construction Program were approved by the voters in 1982, 1984, 1986, 1988 and 1990. The Legislature has also authorized a total of \$2.5 billion in financing for prison construction through State Public Works Board issued lease purchase revenue bonds.

Even with the number of new beds added to the prison system, the increasing population puts a severe strain on existing institutions. The accelerated deterioration associated with prolonged crowding, combined with court decisions which specify conditions under which inmates may be housed, required major capital improvements to many existing facilities.

The Governor's Budget proposes \$36.5 million from various Prison Construction Bond Acts to renovate the State's existing prison facilities. Allocations are included for:

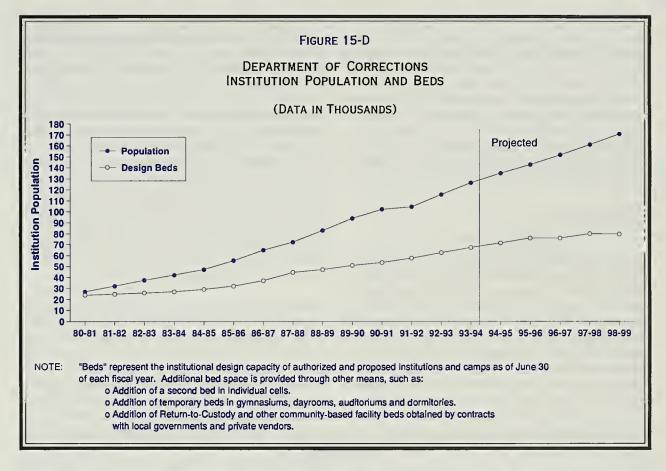
- Infrastructure rehabilitation and expansion projects.
- Mitigation of environmental discharge and contamination problems.

#### **TABLE 15-1**

# DEPARTMENT OF CORRECTIONS NEW PRISON BED CONSTRUCTION PROJECTS

<b>Major Projects</b>	Design Bed Capacity	Construction Start	Initial Occupancy
NEW PRISONS-COMPLETED:			
Mule Creek State Prison	1,700	January 1985	June 1987
Richard J. Donovan Correctional Facility at Rock Mountain	2,200	May 1985	July 1987
Northern California Women's Facility	400	November 1985	July 1987
Avenal State Prison	3,034	December 1985	January 1987
CSP-Kings County at Corcoran	2,916	September 1986	February 1988
Pelican Bay State Prison	2,280	March 1987	December 1989
Chuckawalla Valley State Prison	2,000	May 1987	December 1988
Central California Women's Facility	2,000	October 1988	October 1990
Wasco State Prison-Reception Center	2,484	May 1989	February 1991
Calipatria State Prison	2,208	March 1990	January 1992
North Kern State Prison	2,492	February 1990	April 1993
CSP-Los Angeles County	2,200	October 1990	February 1993
Centinela State Prison	<u>2,208</u>	July 1991	October 1993
Subtotal	28,122		
MAJOR EXPANSIONS-COMPLETED:			
California Men's Colony-West, Renovation	n 900	1983	June 1984
Southern Maximum Security Complex	1.000	June 1983	October 1985
CSP-Solano County	2,404	January 1984	August 1984
CSP-Sacramento County at Folsom	1,728	April 1985	October 1986
Three 500-Bed Additions	1,500	November 1985	August 1986
California Institution for Women,			
Special Housing Unit	100	October 1986	June 1987
Subtotal	7,632		
OTHER PROJECTS-COMPLETED:			
Camps	1,370	Various	June 1984
Modular Housing Units	1,000	Various	June 1984
Subtotal	2,370		
OTHER AUTHORIZED PROJECTS:			
Ironwood State Prison	2,400	January 1992	February 1994
CSP-Coalinga	2,208	July 1992	November 1994
CSP-Lassen County (Susanville II)	2,224	March 1993	August 1995
CSP-Madera County II	1,984	June 1993	May 1995
CSP-Monterey County (Soledad)	2,224	April 1994	February 1996 Pending/a
CSP-Kings County at Corcoran II (including the Secure Substance Abuse	<u>3,708</u>	Pending/a	Pending/a
Treatment Facility)	14 740		
Subtotal	14,748		
GRAND TOTAL	52,872		
/a Schedules to be developed upon comp	oletion of Enviro	nmental Impact Rep	ort.

/a Schedules to be developed upon completion of Environmental Impact Report.



- Numerous projects to rehabilitate, replace and/or exby June 30, 1995, which is an increase of 315 wards, or pand inmate programming and support services space 3.5 percent, over the level currently budgeted. The
- Upgrade the Data Communications Infrastructure at specified institutions.

### DEPARTMENT OF THE YOUTH AUTHORITY

The mission of the Youth Authority is to protect the public from criminal activity and provide education, training, and treatment services for youthful offenders committed by the courts to help these young people become productive citizens.

The 1994-95 Governor's Budget proposes a total of \$411.8 million and 5,187 personnel years for State operations and local assistance programs.

The Youth Authority operates 11 institutions, including 2 reception center/clinics and 6 conservation camps, 2 of which are institution-based camps. The total capacity of the Youth Authority is designed to house 6,692 wards. The Department projects that these facilities will house 8,897 youthful offenders as of June 30, 1994. The institution population is projected to grow to 9,092

projected growth is driven primarily by increases in the youth at-risk population.

The Youth Authority supervises parolees through 17 offices located throughout the State. The Parole population is projected to be 6,463 by June 30, 1994, and to increase by 367 cases, or 5.7 percent, to 6,830 by June 30, 1995.

The 1994-95 Governor's Budget proposal for the Youth Authority reflects the Administration's commitment to public safety and to the development of innovative approaches to juvenile corrections. In addition to overall population increases, over the past ten years, there has been a significant change in the types of offenses leading to Youth Authority commitment. In 1992, 57 percent of all first admissions were for violent offenses, compared to 37 percent of all first admissions in 1988. Conversely, the percentage of first admissions for property offenses, which has historically been approximately 45 percent of all first admissions, was at an all-time low of 28 percent in 1992. The statistics compiled thus far for Calendar Year 1993 indicate a continuation of this trend.

Program Strategies. Consistent with past years, the Governor's Budget proposes to address the changing needs of the population through a balance of program strategies, new capacity and institutional crowding. Since 1987, in order to focus secure institution resources on the most serious high-risk offenders, the department has implemented a variety of "bed-saving" alternative programs targeted primarily for the non-violent offender. The Governor's Budget continues this tradition of proposing new program strategies to address the needs of youthful offenders.

The following program improvements are included in the Governor's Budget:

Drug and Alcohol Abuse Treatment Center. A substantial number of youthful offenders have serious chemical abuse histories. Their success and public safety often depends on their recovery from chemical dependency. In recognition of this, the Governor's Budget proposes 6 personnel years and \$531,000 General Fund (\$472,000 redirected General Fund and \$59,000 Proposition 98 Funds), and \$10.8 million General Fund redirected, to convert an entire existing institution to an integrated drug and alcohol abuse treatment center. Beginning January 1, 1994, the Karl Holton School will be converted to an 8-month "recovery model" substance abuse treatment center.

Continuum of Care for Adolescent Sex Offenders. National research over the last 10 years has indicated that, left untreated, high-risk sex offenders become more dangerous to public safety, not less. The Governor's Budget proposes 15 personnel years and \$1.3 million General Fund to convert an existing institution living unit to a 60-bed sex offender treatment program. In addition, specialized parole caseloads will be established in four Youth Authority parole offices throughout the State to provide a continuum of care from institution treatment through parole placement for these offenders.

"Boot Camp" Program Model of Interagency Cooperation. Another innovative approach to juvenile corrections is the Leadership, Esteem, Ability and Discipline (LEAD) Program started in 1992-93 and currently in place at two Youth Authority institutions. This program is a model of coordination between three State departments. This is a military model "boot camp", highly structured, alternative program for youthful offenders with a chemical abuse or addictive personality. The development and implementation of these programs has been a cooperative effort between the department and the California National Guard. Beginning in 1993-94, the Department of Employment Development will be

providing on-site employment services using federal grant funds. The Governor's Budget proposes \$382,000 General Fund to continue one of the boot camp programs whose Office of Criminal Justice Planning grant had terminated.

Electronically Enhanced Parole Release Program Expansion. Public protection is increased by providing early detection of problems and early intervention through parole violator services, intensive parole supervision, home restriction involving the use of electronic monitoring devices, secure and structured community drug abuse treatment and ongoing job counseling programs. The Governor's Budget proposes 7 personnel years and \$568,000 General Fund (redirected from bed savings) to implement statewide, a pilot program of 24-hour electronic monitoring for selected parolees.

Transition to Parole Program. The Governor's Budget proposes \$550,000 General Fund (redirected) to add a 30-bed transition to parole program at the site of the Southern California Drug Treatment Program. The current program is an "in lieu of" revocation program for parolees with technical violations of a substance abuse nature. The expanded program will provide 30 additional beds for substance abuse identified youthful offenders for the final 90 days of their institutional stay. While in the program, youthful offenders will complete their treatment program and begin the transition from institution living to release on parole in the community. The program will also enable the department and the Youthful Offender Parole Board to better determine actual parole readiness.

Special Education Assessments. In order to comply with federal and State mandates regarding special education services, the Governor's Budget proposes 35 personnel years and \$2.1 million General Fund (Proposition 98 Funds) to identify and assess the special education needs of youthful offenders. Approximately 55 to 60 percent of all new commitments require assessments to determine appropriate type and level of services required to be provided. The department will seek legislative authorization to use Proposition 98 funds for special education assessments.

Juvenile Community Corrections Funding Continued. The Governor's Budget continues \$33 million General Fund to provide allocations to counties for local juvenile crime prevention and treatment programs. These funds assist counties in maintaining juvenile probation camps and ranches, which are a critical part of the juvenile justice system.

New Construction. In addition to the development of new programs to address the treatment and public safety concerns of the increasingly violent youthful offender population, the Governor's Budget proposes \$4.5 million Bond Funds for schematic planning of 950 additional Youth Authority institution beds and initial planning for future bed needs. These proposed new beds will be constructed on the grounds of existing Youth Authority institutions throughout the State in an effort to reduce construction and long-term operational costs.

Further, the budget proposes \$8.8 million Bond Funds for ongoing capital outlay and maintenance projects at existing facilities. Included within these proposals are major capital outlay projects for:

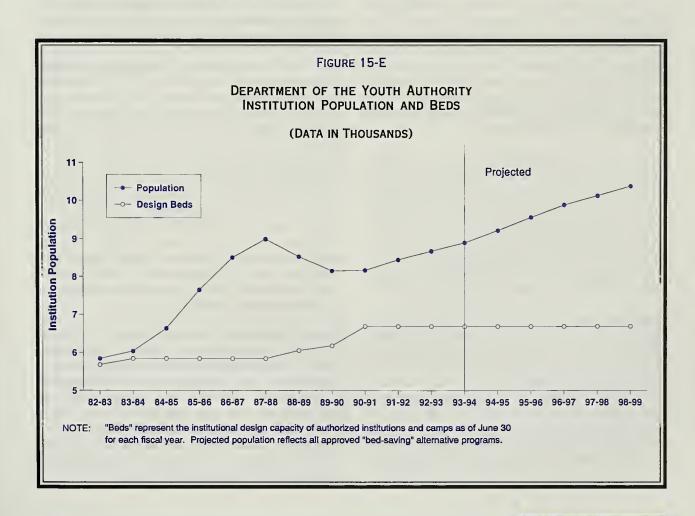
- Ventilation system upgrades to reduce potential airborne disease contagion;
- Additional space for Free Venture ward employment and vocational education programs; and,
- Security upgrades to living unit doors and personal alarm systems. In addition to the \$8.8 million for

ongoing capital outlay, the budget proposes \$3.5 million Bond Funds for a wide variety of minor capital outlay projects valued individually under \$250,000 each.

Figure 15-E illustrates actual crowding levels since 1982-83 and projected levels through 1998-99. Most recently, on June 30, 1993, the department was operating at 130 percent of institution design capacity. Future operating levels are expected to gradually increase and reach 155 percent design capacity by the end of Fiscal Year 1998-99.

### CALIFORNIA HIGHWAY PATROL

Safer Highways. California's highways are being made safer each year thanks in large part to California Highway Patrol (CHP) efforts to maximize the number of officers assigned to road patrol. The CHP is also credited with taking millions of dollars worth of illicit drugs off our nation's streets and arresting those trafficking in these drugs. This budget, which provides total funding of \$733.7 million and 9,134 personnel years for CHP



## PUBLIC SAFETY

operations, calls for funding additional officers, improved equipment, and more effective enforcement of laws governing commercial vehicles.

In 1992, the State's mileage death rate or MDR (the number of traffic fatalities per 100 million miles of vehicle travel) declined to an all-time low: 1.6 deaths per 100 million miles of travel. Over the past decade, the MDR has declined by 41 percent, down from 2.7 deaths per 100 million miles of travel in 1982. Since 1990, the MDR has dropped by 20 percent (from 2.0 to 1.6). Contributing to this significant decrease in roadway tragedies has been a CHP emphasis on education and enforcement programs focused on important traffic safety laws such as the primary safety belt law, the motorcycle helmet law, and strict laws against drunk driving.

The CHP has a 1994 goal of reducing the MDR to 1.4 deaths per 100 million miles of travel. Achieving this challenging goal will improve the safety of California roadways, reduce human suffering, and save millions of dollars in public and private funds.

In order to assure the availability of funds for the maintenance of the uniformed strength of the California Highway Patrol, legislation will be proposed to extend the sunset on the \$1.00 surcharge assessed on new car registrations and renewals. This fee, which was first established in 1981 to support an expansion of the CHP's uniformed staff, is due to expire on January 1, 1995. The surcharge is estimated to generate \$25 million annually in support of the CHP's operations.

Emphasis on Road Patrol. In 1994-95 the CHP's budget will be increased \$10.7 milion to train and deploy 130 new officers to improve the overall level of enforcement and safety statewide, allow greater flexibility to provide local assistance efforts in areas of the State hardest hit by crime (such as those projects conducted in parts of Fresno and in East Palo Alto), and to increase the patrol of roadside rest areas. This will allow the CHP to deploy over 5,900 uniformed officers during 1994-95.

Targeting Cargo Theft. The crime of cargo theft is a rapidly increasing problem for California businesses; over \$29 million worth of stolen cargo was recovered in 1992 from the Los Angeles area alone. In 1993, the Governor signed Assembly Bill 813, Chapter 849, Statutes of 1993, establishing a Commercial Motor Carrier Safety Enforcement Fund to enhance enforcement of cargo theft-related crimes. Fiscal year 1994-95 is the first year that resources will be available through this fund. The California Highway Patrol will manage en-

forcement activities supported by \$1.4 million from the Commercial Motor Carrier Safety Enforcement Fund.

Improved Commercial Enforcement. The California Highway Patrol recently reorganized its on-highway commercial program to provide a more consistent approach to commercial enforcement throughout the State. Phases I and II of the reorganization were implemented previously. Phase III is scheduled for implementation in fiscal year 1994-95 at a cost of \$1.8 million, and will extend the operating hours of some CHP inspection facilities to 24 hours-a-day, seven days-a-week. This expansion will increase the emphasis on truck weight and equipment enforcement on vehicles traveling in the major transportation corridors. The increase in weight enforcement reduces damage to the highway system caused by overweight vehicles, and the consistent monitoring of brake, tire and other equipment violations improves truck safety.

### **DEPARTMENT OF JUSTICE**

The constitutional Office of the Attorney General serves as the State's primary legal representative and chief law enforcement officer, and is responsible for ensuring that California's laws are uniformly enforced.

For 1994-95, the Governor's Budget proposes 3904 personnel years and \$316.9 million, which includes \$174.0 million for the Division of Law Enforcement and \$137.6 million for the Legal Services Programs. The major budget adjustments proposed for 1994-95 include:

Appeals, Writs and Trials Workload. An increase of \$5.0 million and 58 personnel years to meet legal workload requirements in the Appeals, Writs and Trials Section. This section has exclusive responsibility for representing the interests of the people of the State of California in the criminal courts system in all non-death penalty appeals, all death penalty appeals and writs, State and federal habeas corpus matters, and all criminal trials where local prosecutors cannot proceed due to conflicts or recusal.

DNA Offender Identification. An increase of \$2.0 million and 13 personnel years for the CAL-DNA Offender Identification File. Under Penal Code Section 290.2, the Bureau of Forensic Services' DNA (deoxyribonucleic acid) Program is required to create and maintain a file of DNA profiles of convicted sex offenders and other violent felons. This augmentation will allow the Berkeley Laboratory to analyze blood samples of felons convicted of sex crimes for inclusion in the DNA data base. It will also fund a research component to develop and implement a

new Polymerase Chain Reaction (PCR)-based technology which can be used on small and degraded samples. This technology has the potential for automation and therefore can be done more rapidly and at less cost than current procedures. In addition, with added discriminating power, PCR based technology is expected to rival the identification power of the current Restricted Length Fragment Polymorphism (RFLP) profiling method.

Violence and Weapons Suppression Program. An increase of \$3.8 million and 31 personnel years to establish a statewide Violence and Weapons Suppression Program. Through a 60-day pilot program entitled "Operation Disarm," firearms and explosives were recovered from violence-prone individuals who were in illegal possession of such devices in the Los Angeles area. This program is proposed for expansion statewide through six regional offices.

Correctional Law Section Workload. An increase of \$3.4 million and 38 personnel years to meet legal workload requirements in the Correctional Law Section. This section is responsible for representing the State of California in various types of legal actions filed by or on behalf of State prison inmates and parolees, wards in the custody of the California Youth Authority, or other penal or criminal justice matters. The increase in workload in this section is primarily related to the State's prison population growth, along with an increase in the number of lawsuits filed per inmate. Typical legal issues include challenges related to conditions of confinement, prison management practices, and inmates rights. Defense of the State in these matters is critical to the ability to effectively manage the State's correctional system and to carry out the statutory duties related to incarcerating convicted offenders for the terms prescribed by law.

#### ASSISTANCE TO VICTIMS

The Victim Witness Assistance Program in the Office of Criminal Justice Planning and the Victims of Crime Program in the Board of Control currently provide assistance to victims of crime in California, including rape crisis and child sexual abuse and exploitation victims. These programs have experienced increasing demands for services, as reflected by an increase in the number of individuals served in the Victim Witness Assistance Program as well as the number of claims submitted and the cost per claim in the Victims of Crime Program. However, the revenue growth in the Penalty Assessment Fund, which supports these two programs, has not been sufficient to meet program needs in this area, resulting in expenditures exceeding available resources.

To address this increasing service need, a General Fund allocation of \$46.5 million is proposed in 1993-94 to offset a projected deficiency in these programs. In the Budget Year, a redistribution of resources in the Penalty Assessment Fund is proposed to address the ongoing needs of the respective victims' programs, as follows:

- The proportion allocated to the Victims of Crime Program increases to 53.4 percent (or \$73,482,000) of the total projected Penalty Assessment Revenues, an augmentation of \$29,292,000 over the amount that would have been provided under the current allocation formula; and
- The proportion allocated to the Victim/Witness Assistance Programs increases to 12.3 percent (or \$16,923,000) of the total Penalty Assessment Revenues, an augmentation of \$5,058,000 over the amount that would have been provided under the current allocation formula.

These augmentations will be funded from a proposed redistribution of the allocation to the Driver's Training Fund, which has been transferred to the General Fund in recent budgets.



# CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

California's natural resources and environment are a source of pride, identity, and community. However, the State's burgeoning population and attendant increase in vehicles, construction, factories, roads and waste generation can result in significant environmental degradation, without appropriate regulation.

Established by Governor Wilson in 1991, the California Environmental Protection Agency (Cal-EPA) is responsible for safeguarding the environment, emphasizing environmental regulation that is understandable, enforceable, and uniform. Cal-EPA has worked to change the dialogue on environmental regulation, stressing the need to safeguard California's high environmental standards, while simplifying the permitting process designed to achieve those standards. The Secretary for Environmental Protection is the administrative head of Cal-EPA and serves as the primary point of accountability, reporting directly to the Governor for coordination of the State's many environmental quality programs.

In 1994-95, environmental protection programs continue to face severe fiscal pressure. Cal-EPA is not immune from the revenue constraints that face the rest of State government. Similar limitations are faced by the regulated industries that bear the cost of complying with environmental controls.

In this climate, Cal-EPA has been aggressively reevaluating its programs and processes to maintain the State's high environmental standards while simplifying the process that achieves those standards. Major initiatives include:

California Environmental Technology Partnership. The California Environmental Technology Partnership is a public and private partnership comprised of Cal-EPA and the Trade and Commerce Agency, representatives from academia, national laboratories, the environmental industry and public interest groups which seek to recognize, assist and promote California-based companies that research, develop, and export environmental technologies, goods and services. The partnership has developed a long-term strategic plan for State government to assist California's environmental industry. The goal is to create significant numbers of long-term, high-quality jobs while providing the technology to address critical economic and environmental challenges facing California.

Integrated Enforcement Programs. Among the major objectives of Cal-EPA is that vigorous, predictable and fair enforcement must be the standard for all environmental programs. Cal-EPA is implementing

integrated enforcement strategies and policies designed to promote the simultaneous identification and remediation of all environmental problems resulting from any given violation at a location or facility. In order to do this, Cal-EPA is harnessing the resources and personnel of its constituent boards and departments and stressing the need to detect, investigate, abate, and where necessary, prosecute environmental violations in an integrated and coordinated manner. Such an integrated enforcement program not only increases deterrence, but also, as a result, more effectively removes both health and ecological risks.

Pollution Prevention. Cal-EPA advocates pollution prevention—the prevention of pollution at the point of generation—as the most efficient and appropriate management philosophy. This is accomplished through private/public partnerships, research and development, technical assistance, and cooperative intergovernmental projects. Cal-EPA assists industry in developing environmentally beneficial technologies. In the agricultural context, Cal-EPA is examining opportunities and strategies to accelerate progress toward biologically based and environmentally benign pest control systems.

Market Incentives. Traditional governmental regulation is being supplemented or supplanted by environmentally protective market incentive arrangements, in an effort to harness the energy of the free market toward environmental improvement. Programs employing such approaches include the low-emission vehicles program, the water bank, water transfers, the regional clean air incentives market adopted by the South Coast Air Quality Management District, and the mobile source credits program.

Cal-EPA encompasses the organizations described below.

#### AIR RESOURCES BOARD

The Air Resources Board conducts research, monitors California's air quality, and sets policies for controlling emissions from motor vehicles and stationary sources of pollution such as factories. The board studies topics as diverse as health and crop damage, atmospheric science, and new technology. The Air Resources Board and local air district programs and policies are designed to lower pollution levels to meet air quality standards and provide a healthy environment for California's residents. In 1994-95, the board plans to conduct 1,500 roadside vehicle inspections, 1,200 surveillance tests of in-use vehicles, and 600 evaluations of new vehicle certification applications. The board also plans to conduct 60 compliance inspections of major stationary sources of air

## **ENVIRONMENTAL QUALITY**

pollution, perform 16,000 fuel sample tests, and evaluate 18 local air pollution control district programs. Of increasing concern are minute particles (known as PM10) in the air that come from such sources as diesel exhaust, fireplaces, agricultural burning and wind-blown dust. A total of \$1.3 million has been added to the budget to expand efforts to identify the extent of the PM10 problem, ascertain the impact of PM10 on health and develop appropriate responses to minimizing the problem.

## INTEGRATED WASTE MANAGEMENT BOARD

The Integrated Waste Management Board conducts monitoring, research, planning and education programs to address the State's solid waste management needs. Recognizing that existing disposal practices cannot meet the growing volume of solid waste, the board's programs and policies are designed to address California's solid waste disposal dilemma and lessen the demand upon the State's diminishing natural resources. The board oversees a total of 636 operating solid waste facilities. Highlights for 1994–95 include the addition of \$20 million to foster and promote used oil recycling activities, thereby lessening the threat used oil poses to the environment, while at the same time encouraging the conversion of this waste material into useful products. Another program that is designed to promote the recycling of waste materials into useful products is the Recycling Market Development Zone Program. This program helps to promote the establishment of recycling businesses through low–interest loans, providing \$7.5 million in loans to 19 businesses in 1993. This effort is being expanded by \$1.4 million in 1994–95.

In order to realize greater efficiencies in government through the consolidation of related functions, it is proposed that the Integrated Waste Management Board be eliminated and its functions, along with the Recycling Program responsibilities of the Department of Conservation, be transferred to a new Department of Waste Management in Cal–EPA.

#### DEPARTMENT OF PESTICIDE REGULATION

The Department of Pesticide Regulation is the primary agency charged with evaluating and mitigating the environmental and public health impact of pesticides as well as enforcing State and federal laws governing the use of pesticides in California. Pesticide enforcement activities are carried out at the local level by the County Agricultural Commissioners acting under the oversight of the department. The department's integrated network of programs is designed to ensure that pesticides are used

safely in order to protect human health and the environment while providing adequate tools and alternatives for pest management. The department licenses or certifies more than 25,000 entities engaged in pest control activities, issues roughly 50,000 restricted use permits annually, and oversees the safe use of some 9,700 registered products.

# STATE WATER RESOURCES CONTROL BOARD

The State Water Resources Control Board has primary responsibility for maintaining water quality in the State. The board accomplishes this through planning, research and monitoring programs as well as regulatory oversight for the State's surface, ground and coastal waters. The board also issues permits for water rights specifying amounts, conditions and timetables for diversion and storage. The State and Regional Board programs and policies are designed to protect all beneficial uses of California's water including domestic, municipal, agricultural and industrial supply, power generation, recreation, aesthetic enjoyment, navigation and preservation and enhancement of fish and wildlife. In 1994-95, the board plans to perform some 3,400 compliance inspections of permitted facilities, and issue or update 1,200 permits. The board also plans to issue 60 water rights permits and adopt 10 major water rights orders.

# DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control is responsible for overseeing the cleanup of hazardous waste sites and for monitoring and regulating hazardous waste transportation, treatment, storage and disposal for California. The department's programs cover site mitigation, hazardous waste management, pollution prevention, waste minimization and technology development.

In 1994–95, the department expects to conduct 77 removal actions, 33 remedial investigations, and complete the cleanup of 12 sites. The department also expects to issue 25 permit determinations and 18 closure determinations, and conduct 220 facility inspections. The Hazardous Waste Control Account, which is a major source of support for the department, is experiencing a significant decline in revenue, due to a number of factors including statutorily reduced fees and a reduction in the number of waste disposers who pay fees. As a result, corresponding permanent reductions in expenditures and staffing are proposed—\$8.6 million and 52 positions in 1993-94 and an additional \$7.2

million and 56 positions in 1994-95. While these reductions will affect certain activities, it is anticipated that the key program objectives of the department can continue to be met, without undue impairment, by focusing on priority workload.

# OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

The Office of Environmental Health Hazard Assessment has the scientific, technical and public health role of assessing the health effects of chemicals in the environment. This office provides the other Cal-EPA operations with scientific tools, information and advice upon which to base risk management decisions. The office is also the lead agency for the implementation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65). The office's work products support efforts by State and local agencies to identify and regulate chemical risks in the environment in order to provide and meet human health and safety standards. The office is in the process of establishing a Science Advisory Committee composed of scientific peers from other governmental entities, academica and the private sector to review risk assessment guidelines followed by the office and other Cal-EPA departments and boards. The budget has been increased by \$576,000 for this external validity check.



The Business, Transportation & Housing Agency is moving aggressively to improve California's environment for job creation and economic growth. Agency efforts are directed at creating jobs today while building an infrastructure designed to meet the needs of the 21st Century; maintaining a safe environment in which to do business, safeguarding scarce public resources by working more efficiently and effectively, and making California's highways among the safest in the world.

Creating Jobs and Preparing for the Future. Transportation and housing infrastructure projects provide high wage jobs for California's workers. State funds are being leveraged through public-private partnerships, federal funds, and loan guarantees to take maximum advantage of available resources. The Agency is supporting the development of a multi-modal transportation system adaptable to the transportation mediums of the next century, and the creation of housing suitable for first-time low and moderate-income home buyers.

Maintaining a Safe Business Environment. For California to prosper and create jobs, its consumers and investors must feel safe and secure. To this end, the Agency is working to enhance the law enforcement activities of the

California Highway Patrol and the Department of Alcoholic Beverage Control. The Agency is also taking aggressive steps to protect investors from fraud through the Department of Corporations.

### Working More Efficiently and Effectively.

The Agency recognizes that the status quo in government operations no longer will suffice. Every department within the Agency is focusing on its core responsibilities and working to operate more efficiently. Administrative costs are being reduced and customer service is being enhanced. Caltrans alone is expected to save \$50 million per year beginning in FY 1994–1995.

Table 17–1 displays the funding proposed in the Business, Transportation and Housing portion of the Governor's Budget for 1994-95. The majority of the funding proposed is derived from State special funds and federal funds. Significant General Fund expenditures included are: \$228.6 million for General Obligation Bond debt service, \$11.5 million for the Department of Housing and Community Development, and a loan of \$3.1 million for the Department of Corporations' workers' compensation health care provider program.

### **CALTRANS**

The State's ability to move goods, services, information and people efficiently will increase California's competitiveness and ensure its continued status as a leader in the global marketplace. The 1994-95 Governor's Budget for Business, Transportation and Housing recognizes the need to enhance the development and expansion of California's economic vitality by providing leadership in achieving an integrated transportation system that ensures the quick and efficient movement of people, goods, services and information.

The Governor's Budget proposes 1994-95 expenditures of \$5.9 billion for Caltrans to plan future highway construction projects, rehabilitate the existing highway system and work with local agencies to plan and implement local transportation projects. Included in this total are \$2.8 billion for highway construction projects and \$850 million in local assistance funding to support local highway projects.

Maintaining Project Delivery. Despite a \$2 billion decrease in programmed revenues since 1992, the Department of Transportation anticipates being able to continue to meet

#### **TABLE 17-1**

# BUSINESS, TRANSPORTATION AND HOUSING PROPOSED 1994-95 EXPENDITURES ALL FUNDS

	State Operations	Local Assistance and Capital Outlay
Agency Secretary	\$1,891	
Department of Alcoholic Beverage Control Alcoholic Beverage Control Appeals Board		\$1,500
State Banking Department	16,876	
Department of Corporations	33,665	
Department of Housing and		
Community Development	42,750	167,446
California Housing Finance Agency	12,330	56
Department of Insurance	97,039	21,212
Office of Real Estate Appraisers	4,278	
Department of Real Estate	28,384	
Office of Savings and Loan	464	
California Transportation Commission	2,311	366,000
Special Transportation Programs		83,300
Department of Transportation	1,944,212	3,980,439
Office of Traffic Safety	14,809	10,682
California Highway Patrol	733,675	13,403
Department of Motor Vehicles	522,054	1,314
Stephen P. Teale Data Center	77,695	
Bond Debt Service	228,570	
Totals	\$3,788,080	\$4,645,352

the delivery commitments to highway projects contained in the 1992 State Transportation Improvement Program (STIP), through the end of the 1994 calendar year without having to delay projects. The loss of transportation revenues are the result of a reduction of fuel tax receipts because of the continued sluggishness of the State's economy, the failure of Proposition 156 which would have provided \$1 billion in funding for mass transportation capital projects, and the failure of the federal government to provide expected levels of funding.

In order to reduce delays caused by the failure of Proposition 156, a number of strategies, requiring close cooperation of the department, local agencies, and the California Transportation Commission, will be used to maximize funding for mass transportation projects. Included among these is maximizing the use of unused federal funds programmed for local and State transportation projects, and shifting the funding for projects originally scheduled to be funded from Proposition 156 to Proposition 116 wherever possible.

Table 17–2 summarizes Caltrans' planned accomplishments in meeting the plan incorporated in Proposition 111 through 1994-95. Most of the new funds received under the Ten-Year Improvement Plan were initially comitted to completion of the 1988 STIP projects. As these are finished in the next few years, more funding will be available for the other programs in the Plan and accomplishments in these other areas will accelerate.

**TABLE 17-2** 

DEPARTMENT OF TRANSPORTATION TEN YEAR IMPROVEMENT PLAN 1990-91—1999-2000

(DOLLARS IN MILLIONS)

Element	Planned Accomplishment through 1994-99
1988 STIP Projects	\$2,020
Intercity, Commuter and Urban Rail	1,416
Flexible Congestion Relief Program	260
City/County Subventions-Streets, Road Guideways State-Local Transportation Partnership	
Program	761
Interregional Road System	6
Traffic System Management	262
Highway Maintenance and Rehabilitation	on 670
Transit Operations and Capital Outlay	<b>16</b> 8
Soundwalls	17
Environmental Enhancement and Mitiga	ation
Demonstration Program	40
Totals	\$6,783

Private Sector Partnership/Building Transportation Infrastructure. Rapid growth in the State's transportation program in the 1980's required the Department to hire additional engineering staff as well as to utilize the private sector engineering community and environmental experts. In 1993-94, questions were raised concerning the circumstances under which Caltrans could use private sector engineers.

In response to these questions, Senator Marian Bergeson introduced SB 1209 to clarify the conditions under which Caltrans could contract out professional engineering work. With the Governor's signature implementing SB 1209, Chapter 433, Statutes of 1993, Caltrans is again using the private sector along with State engineers to deliver timely transportation projects and to make the most of critical transportation resources.

Transportation – Helping the State's Economy. California's transportation infrastructure plays a vital role in attracting new business development. In a cooperative effort between the State and local governments, critical transportation funds have been identified to provide new transportation facilities needed to attract new business growth in California. In 1993, several major new projects were approved, including the provision of High Occupancy Vehicle (HOV) lanes and upgraded area interchanges associated with the Intel Corporation's expansion in eastern Sacramento County, and funding of interchange improvements in Carlsbad, California where the Lego Corporation will be building a new theme park.

The Governor's Budget recognizes the need for an economic development program administered by the California Transportation Commission to target and expedite similar job-creating projects. The Governor's Budget proposes to invest \$5 million in matching funds to attract federal funds for defense conversion efforts targeted towards new transportation technologies.

Expanding Capacity. Caltrans is increasing its traffic operation efforts. The Freeway Service Patrol, operated in conjunction with the Highway Patrol, quickly removes stranded or disabled vehicles from traffic lanes. The HOV network has grown and many additional lane-miles are planned. Increased development of HOV lanes reduces the numbers of vehicles on the road at peak traffic times by encouraging multi-occupant vehicles.

Transportation Management Centers (TMC), a joint project of Caltrans and the CHP, are being integrated into an interconnected system of regional, urban, and satellite TMCs. These traffic operation efforts increase

capacity and improve air quality and reduce traffic congestion.

Intelligent Vehicle Highway Systems. Caltrans is increasingly involved in the development and implementation of Intelligent Vehicle Highway Systems. Currently, the Heavy Vehicle Electronic License Plate program has shifted from a demonstration program to a fully operational program, including the first "mainline bypass" of a weigh station in the United States at the northbound Santa Nella weigh station. This by-pass will allow properly equipped and lawfully operated commercial vehicles to avoid stopping at weigh stations, improving transportation time for commercial goods.

Electronic Toll Collection (ETC) will replace the existing manual system of collecting tolls. ETC will incorporate the latest technology to improve toll operations and to reduce traffic congestion. This system will electronically register tolls as vehicles pass through the toll lanes. The first toll bridge to implement this system will be the Carquinez Bridge in early 1995. Implementation on all State-operated toll bridges is expected in 1996. All of these efforts will work together to increase capacity and maximize the efficient use of the existing highway system.

Intercity Rail Service. Intercity rail service is becoming a viable alternative to automobile travel, and it is an important component of the Department's program to reduce traffic congestion and air pollution. The State currently contracts for intercity rail passenger services on three corridors: the San Diegan route between San Diego and Santa Barbara, the San Joaquin route between Oakland and Bakersfield, and the Capitol Corridor which runs between Roseville and San Jose. Connecting bus service extends this service to numerous other California cities and towns.

The San Diegan route is the State's most fully developed corridor with nine daily trains. Due to increased frequency of trains and reliable performance, ridership has increased by 7.9 percent between 1991-92 and 1992-93. Revenues have increased so that operating costs are fully recovered from fares. The Governor's Budget proposes to add a tenth train to the San Diegan route.

The Governor's Budget proposes to add two trains for a total of six trains on the San Joaquin route and to replace bus service with rail service from Stockton to Sacramento. Three trains are proposed to be added on the Capitol Corridor, increasing service to six trains daily.

The first 43 California Cars, "state-of-the-art" rail cars funded from Propositions 108 and 116 bond funds are expected to be delivered during 1994-95. It is expected

that more than 50 percent of each car will be manufactured in California, creating hundreds of new jobs.

State Transit Assistance. The State Transit Assistance (STA) program provides funding for the operating and maintenance expenses of local bus and transit systems. The Governor's Budget will increase funding for the STA program by \$29 million to \$83.3 million.

High Speed Rail. Through the Governor's leadership and Senate Concurrent Resolution 6 of 1993, authorized by Senator Quentin Kopp, the Intercity High Speed Ground Transportation Commission was initiated. The Commission will direct studies of high speed rail and ridership demand in California in order to develop a 20-year High Speed Ground Transportation system plan. The plan will focus on the San Diego-Los Angeles-Bay Area-Sacramento corridor. Additionally, this corridor has been selected as a federal high-speed rail corridor.

The Clean Air and Transportation Improvement Act of 1990 (Proposition 116) provided \$5 million for an engineering and feasibility study of the future Los Angeles-Bakersfield high-speed rail service. The study is to be completed by October 1994.

Successful implementation of high-speed ground transportation will provide an energy efficient, environmentally sound, integrated transportation system necessary to support industry and create new business and employment opportunities. It will demonstrate California's continued leadership in the areas of transportation technology and infrastructure, and will provide excellent opportunities for the trained work force created by California's defense and aerospace industries.

Expanded Rail Program. In 1994-95, Caltrans and the California Transportation Commission will continue to implement the two transit bond programs enacted by the voters in 1990, further expanding the State's passenger rail systems and creating new jobs for California. Together, the two bond measures, Proposition 108—the Passenger Rail and Clean Air Bond Act, and Proposition 116—the Clean Air and Transportation Improvement Act, will provide nearly \$3 billion for rail transit capital improvements by the year 2000. In addition, the 1989 "Transportation Blueprint" legislation provided for a \$1 billion bond proposal for rail projects to be placed before the voters in 1994. The State bond funds will leverage other State, local and federal funds for an overall rail transit capital improvement program expected to exceed \$10 billion statewide over the 10 year period.

New Projects Mean New Jobs for California. Along with producing much needed rail system expansions, the

State, local and federal rail transit capital investments have created and will continue to create significant job opportunities in California. Over the 10 year period, from 1990 to 2000, between 20,000 and 30,000 jobs will be created or maintained.

Reducing The Cost of Doing Business. Caltrans is strongly committed to implementing management efficiencies as its basic business practice. Caltrans began implementing efficiencies in the 1993-94 fiscal year with a five percent reduction in Project Engineering that generated a \$34.6 million ongoing savings which was made available for capital outlay projects. The 1994-95 Budget proposes an additional \$5.6 million savings for a cumulative reduction over the next seven years totalling \$281.4 million.

The Governor's Budget recognizes the need to continue to reduce the cost of doing business by establishing a goal in decreasing selected departmental programs' personnel costs and operating expenses by five percent during 1994-95. This non-capital reduction will generate \$56 million in additional funds for expenditures in 1994-95 and a total of \$392 million over the next seven-year period.

Economic Development Program. Transportation infrastructure plays a vital role in attracting new economic development to California. Adequate transportation facilities are critical to the industry and citizens of the State. To facilitate the development process, the Administration is proposing the establishment of an Economic Development Program which could be used for necessary infrastructure development associated with new or expanding businesses in California.

This fund would be established with resources generated from project savings and reducing the cost of doing business. Specifically, resources set aside in this fund would be available for transportation infrastructure projects designed to encourage business expansion or relocation of businesses into the State. Projects would be identified and recommended by Caltrans and the project allocations approved by the California Transportation Commission under a new expedited process. These projects would be exempted from existing statutory requirements associated with the north/south split and county minimums.

#### OFFICE OF TRAFFIC SAFETY

The primary mission of the Office of Traffic Safety is the reduction of motor vehicle crashes resulting in death and injury, (California Vehicle Code 2900). To accomplish

this goal during 1993-94, the office will administer \$30 million of federal funds through traffic safety grants to more than 120 State and local agencies.

Goals in priority areas included: reducing alcohol-involved fatal crashes to 43 percent by 1995; reducing drinking underage drivers (15–20 years) in fatal crashes to 20 percent by 1993; increasing safety belt and child passenger safety seat usage rates to 80 percent by November 1994; reducing speed as the primary collision factor from 24 percent of fatal and injury crashes by October 1994; reducing the pedestrian traffic fatality and injury rate per 100,000 population by five percent in 1994; and, reducing motorcyclists fatality and injury rate per 100,000 licensed motorcycle drivers five percent by 1994.

Steps taken to meet these goals included finalizing grants throughout the State for enforcement, education/public information and community prevention/intervention in alcohol/other drug programs; police traffic services grants for enforcement, education and public information for sobriety checkpoints, seat belt/child restraint checkpoints, sobriety and radar display equipment and trailers, and alcohol testing devices.

Goal attainment is measured largely by the State's mileage death rate (MDR). The MDR, (number of fatalities per 100 million miles driven) was 1.6 in 1992, the lowest since records have been kept. California also had 27 percent fewer traffic fatalities involving alcohol in 1992 than it did during the previous year. And, the seat belt usage rate reached a high of 82.8 percent while the child passenger seat belt rate usage was 73.8 percent, up 14.5 percent over the previous year.

### DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) has experienced tremendous growth in program responsibilities during a period when the resources available to fund operations have been severely limited. The demands for DMV's basic services are expected to decline from previously budgeted levels due to the impact of the recession on the number of vehicles and motorists in California. New vehicle registrations are projected to decline by over 10 percent and new driver's license and identification card applications are expected to decline by over 1.2 million, an 18 percent reduction. These and other workload reductions will result in a budget reduction of \$9.2 million in 1994–95.

The budget includes an augmentation of \$3.5 million to enable DMV to collect Social Security numbers for all licensed drivers, add driver's license numbers to the

vehicle registration database and cross match the driver's license and vehicle registration databases. This will enable DMV to participate in efforts to improve collection of delinquent child support payments and local parking fines. The budget also includes \$1.2 million to implement Chapter 820, Statutes of 1993, which requires new applicants for driver's licenses and identification cards to provide proof of legal residency in California.

An augmentation of \$3.2 million is proposed to implement the "zero tolerance" bill, Chapter 899, Statutes of 1993, which requires an automatic one year suspension of the driver's license of any minor found driving with a blood alcohol level of .01 percent or higher.

DMV has made significant strides in improving customer service provided by the Department as well as improving the coordination and relationship with the business community. DMV has addressed the following:

- Implemented the Info-California Kiosk, which is designed to allow customers to do basic vehicle registrations on their own without coming into a DMV office.
- Expanded the renewal by mail program for vehicle registration, which saved the Department over one million dollars in operational costs.
- Implemented alternate/customized office hours to make services available during nontraditional government hours.
- Implemented an Interactive Voice Response system, which allows customers to use their telephones to complete certain DMV transactions.

# DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

The Department of Alcoholic Beverage Control (ABC) is responsible for licensing and regulating over 72,000 businesses licensed to manufacture, distribute and sell alcoholic beverages in California.

The 1992-93 conversion of the Department's funding source from the General Fund to the Alcoholic Beverage Control Fund enabled the Department in 1993-94 to stabilize its licensing program by eliminating license application backlogs and by establishing shorter time lines for processing all license transactions. The conversion also enabled ABC to increase its enforcement program, which had been curtailed as a result of funding shortfalls.

In support of the administration's emphasis on reducing the problems associated with alcohol abuse and related crime problems, the Department's FY 1994-95 budget proposal includes two major initiatives:

- The creation of a \$2 million grant assistance program for local city and county law enforcement agencies to establish, train and sustain special enforcement teams to target disruptive retail outlets for swift enforcement action and administrative sanctions.
- An augmentation of funds from the Alcoholic Beverage Control Fund to continue the Department's License Education on Alcohol and Drugs (LEAD) prevention and education program.

### DEPARTMENT OF REAL ESTATE

The Department of Real Estate's (DRE) mission is to protect the public in real estate transactions and assist the real estate industry in better serving the consumer.

The Department's 1994-95 budget includes \$700,000 for the conversion of its obsolete data processing system to an enterprise information system maintained at the Stephen P. Teale Data Center. This conversion will modernize DRE's data processing environment which will increase its operational efficiency to provide up-to-date information to the public, the real estate industry, and other State agencies.

A restructuring of the budget and fees has been completed in Chapter 416, Statutes of 1993 to allow DRE to maintain its critical programs at a level necessary to both meet the needs of the real estate industry and provide regulatory oversight to protect California's real estate buyers and sellers.

#### **DEPARTMENT OF CORPORATIONS**

The Department of Corporations is responsible for administering the State's laws governing the offer and sale of securities and franchises, the registration and licensing of securities professionals, and the licensing and examination of various types of financial institutions, including credit unions and thrift and loan companies. The Department also regulates the health care service plan managed care industry. In the Workers Compensation Reform Act of 1993 (AB 110, Chapter 121, Statutes of 1993), the Department was given the responsibility for regulating workers' compensation health care provider organizations.

In discharging its regulatory responsibilities, the Department seeks to provide appropriate consumer protection while promoting a vibrant California economy. During the 1994-95 budget year, the Department will be pursuing a number of policy initiatives, including those designed to promote capital formation, enhance the availability of affordable, quality health care to Californians, and control the abuses in the workers' compensation system.

The Governor's Budget proposes \$33,665,000 for the department to carry out its mission in 1994-95. The budget reflects \$4.6 million appropriated in Chapter 119, Statutes of 1993 which will allow the department to fulfill its new responsibilities with respect to workers' compensation health care provider organizations.

The budget also includes \$340,000 to enable the department to implement legislation which expanded responsibilities for regulating the point of service products offered by, and underwriting aspects of, health care service plans.

#### DEPARTMENT OF INSURANCE

The Governor's Budget proposes a total expenditure of \$118 million and 1,147 personnel years for 1994-95, an increase of \$9 million and 85 personnel years over 1993-94 levels. Included in both years' totals are \$15 million and 79 personnel years for the investigation of fraudulent workers' compensation claims as well as \$2.4 million and 16 personnel years for fraudulent automobile insurance claims. The \$15 million for workers' compensation fraud is divided equally between support for department staff and local assistance to district attorneys for the prosecution of criminals involved in such fraud, while the \$2.4 million for automobile insurance fraud will allow the department to address the increasing numbers of automobile insurance fraud complaints.

The 1994–95 Governor's Budget also includes \$582,000 and 5 personnel years for evaluating and monitoring the financial condition of property/casualty insurance companies, \$909,000 and 10 personnel years to address workload associated with closing down illicit insurance companies, and \$1,311,000 and 14 personnel years for ongoing activities associated with the implementation of Proposition 103.

### CALIFORNIA HOUSING FINANCE AGENCY

As part of the Administration's effort to improve efficiency, \$7.2 million in federal funds for repairs consolidate functions and downsize State government, and reconstruction of family housing for the budget proposes to consolidate the California Tax through the Office of Migrant Services.

Credit Allocation Committee within the California Housing Finance Agency effective January 1, 1995. The function of the Committee is to approve mortgage revenue bond allocations for qualified cities, counties and State agencies. The Committee also allocates State and federal low income housing tax credits to eligible applicants. The Committee makes available \$35 million in State tax credits annually and to date, approximately \$203 million in federal tax credits have been allocated. This activity is consistent with the objective of the California Housing Finance Agency to make affordable housing available for low and moderate income California families.

# DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Governor's Budget for 1994-95 proposes a total expenditure of \$210 million and 631 personnel years for the Department of Housing and Community Development (HCD), representing a reduction of 72 personnel years from the previous fiscal year. Recognizing the Administration's goal of making housing more affordable through regulatory relief, the department will implement the Building Equity and Growth in Neighborhoods (BEGIN) pilot program to provide home ownership opportunities to low-income families. The department will provide down payment assistance to low-income home buyers who purchase homes that were made affordable through streamlined permitting and a reduction in regulatory costs. Funding has been made available for the program through the federal Home Investment Partnerships Program (HOME) program allocation. HCD will receive \$39.6 million for the HOME program allocation in 1994-95.

In support of the Governor's goal of revitalizing the State's economy, the department will inject \$7.1 million in general obligation bond funds into rental housing production and rehabilitation. By the end of the fiscal year, \$490.6 million provided by Propositions 77, 84 and 107 will have been spent to create 11,600 housing units affordable to the State's low— and moderate—income residents. The department will also allocate \$6 million of the State's \$39.3 million federal Community Development Block Grant to provide start—up capital for local governments to originate small business loans.

Consistent with the goals of the Governor's Farm Workers Services Coordinating Council and recognizing the need for safe and decent housing for all Californians, the budget includes \$3.4 million in State funds to leverage \$7.2 million in federal funds for repairs, rehabilitation and reconstruction of family housing for farm workers through the Office of Migrant Services.

### THE RESOURCES AGENCY

The Resources Agency administers the activities of 15 State departments, boards, commissions, and conservancies. In general, it is responsible for the State's programs relating to the preservation, management and enhancement of California's natural resources, including land, wildlife, water and minerals. In addition to the oversight of its constituent departments, the Agency develops and administers a variety of initiatives and programs that transcend the usual jurisdictional lines of the departments.

In 1991, the Governor launched an ambitious multi-point program for a new era of managing California's rich variety of resources. This program — "Resourceful California" — spans the broad range of the jurisdiction of the Resources Agency and serves as its ongoing agenda for resource conservation and management. The underlying objective of Resourceful California is to create and implement innovative and effective policies that fully and responsibly conserve the State's diverse resources; encourage sustainable, long term economic development; and, promote partnerships between the public, private and nonprofit sectors.

Water Policy. A major policy responsibility for the Agency is the development and oversight of the Governor's water policy. The Secretary chairs the Governor's Water Policy Council. In that capacity, the Secretary headed the policy development process that led to the announcement in April 1992 by the Governor of the State's first comprehensive State water policy in a quarter century. Elements of the water policy include short-and long-term approaches to "fixing" the San Francisco Bay/ Sacramento-San Joaquin Delta estuary; the proposed transfer of the Central Valley Project to the State; conservation; establishment of a permanent water marketing system; and protecting and restoring fish and wildlife resources. The water policy was designed to bring urban, agricultural, and environmental sectors together to arrive at consensus solutions. The Agency coordinates closely with the Departments of Water Resources and Fish and Game in pursuing the water policy.

Biological Diversity. The Agency has pioneered the State's new commitment to conservation grounded in biological diversity. This new approach to resource management recognizes that in order for future efforts at conservation to be successful, they must be based on broad ecosystems, or "bioregions". The Secretary of Resources chairs the Executive Council on Biological Diversity, a panel created in 1991 by the Agency, the University of California, and nine other State and federal land management agencies, including the Departments

of Fish and Game, Forestry and Fire Protection, and Parks and Recreation, and the State Lands Commission. The Memorandum of Agreement that created the council is the first such cooperative effort between State and federal governments to work together in conserving biodiversity across administrative boundaries and on a regional basis. The council's objective is to bring California's varied resources management programs together in ways that assure the long-term sustainability of our rich natural heritage and our economy. It seeks to foster voluntary regional and local action and has recently been expanded to include representatives of seven county organizations.

Creation of a Comprehensive Model Wetlands Program. In 1993, the Governor announced a new, comprehensive, State policy to increase the consistency and cohesion in State and federal programs and policies that affect wetland resources. The objectives of the policy are three-fold: to reverse the current decline in California's wetlands base; to achieve an overall increase in the quantity, quality, and permanence of wetlands throughout California; and to reduce procedural complexity and confusion in the administration of wetlands conservation programs.

This new approach offers the most environmentally productive and cost-effective opportunity for wetlands conservation in California. This plan could increase the State's wetlands acreage and quality by as much as thirty to fifty percent by the year 2010.

SAFCO/8G Funding Shifts. Funds available from the Special Account for Capital Outlay (SAFCO) and the Outer Continental Shelf Land Act (8g) have been used in recent years to fund important capital outlay projects statewide, as well as vital local assistance and State operations programs in the Resources Agency. Revenues to these two funds have declined greatly over the last few years and show no sign of improving in the short term. Therefore, this budget proposes to fund these high priority functions directly from the General Fund, assuring that they will continue, irrespective of the decline in their historical funding sources. The budget contains General Fund appropriations of \$45.8 million that otherwise would have come from SAFCO/8g, including \$19.3 million within the Resources Agency.

Habitat Conservation Fund. An amendment to the Proposition 117 statutory initiative (Mountain Lion Initiative) will be proposed eliminating the Habitat Conservation Fund and the requirement that \$30 million be allocated to that program each year.

## NATURAL RESOURCES

It is clear that the substantial pressures on the General Fund of the last several years are only intensified by requiring that specified dollar amounts be dedicated to single-purpose programs. Such a process is overly constraining, and does not allow for an assessment of such programs' priorities against competing program demands from other critical areas. The special funds which had been used in prior years to fund this commitment have also experienced substantial declines in available resources. To continue to use these special funds for Proposition 117 would require additional reductions in infrastructure baseline programs.

By eliminating the constraints of Proposition 117, the Administration is able in this budget to continue only slightly reduced habitat acquisition funding programs, while also avoiding park closures and providing \$9.0 million for local assistance to the City of Los Angeles for reclaimed waste water distribution projects enabling Los Angeles to replace Mono Lake water. This funding for Mono Lake will help ensure the protection of the Lake's ecosystem. In addition, removing the limitations on Proposition 117 funding will enable the use of \$2.5 million in Proposition 99 unallocated account funding to augment health screens in the Child Health and Disability Preventive program within the Department of Health Services.

## DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation is responsible for acquiring, preserving, developing and managing the natural, cultural and recreational resources in the State Park System and the State Vehicular Area and Trail System. The State Park System consists of 268 individual units, including 38 units administered by local and regional park agencies. These park units contain approximately 1.3 million acres, 285 miles of ocean and 814 miles of lake, reservoir and river frontage. Over 63 million visitor-days are expected in 1994-95.

The 1994-95 Governor's Budget proposes an expenditure level of \$211.5 million which includes \$184.7 million and 2,794 personnel years for support of State operations, \$15.8 million for local assistance grants and \$11 million in capital outlay projects.

As one of the pilot departments in the Performance Budgeting Pilot Project, the Department is currently building the strategic planning process which lays the foundation for developing measurable performance objectives. It is anticipated that these objective measurements will be in place for use in the 1994-95 fiscal year.

#### DEPARTMENT OF BOATING AND WATERWAYS

The objectives and responsibilities of the Department of Boating and Waterways include the development and improvement of boating facilities throughout the State, the safety of persons and property connected with the operation of vessels on State water, beach erosion projects, funding for the construction of boating facilities in the State park system and State Water Project reservoirs, and the licensing of yacht and ship brokers and for-hire vessel operators. To meet these needs, the 1994-95 Governor's Budget proposes \$42 million in expenditures.

With these funds, the Governor's Budget provides \$12.8 million for small craft harbor loans to public agencies to do access and shoreline improvements, construct new berths, and repairs to existing facilities; \$5 million for grants to construct new and improve existing boat launching facilities on lakes and rivers; \$8 million for loans for private marina development and improvements; and \$4 million primarily to construct new and improve existing boating facilities at four State parks.

### DEPARTMENT OF FISH AND GAME

The Department of Fish and Game manages more than 500,000 acres of wildlife habitat, including 80 wildlife areas and 67 ecological reserves. The objectives of the department are to maintain all species of fish and wildlife for their natural and ecological values, their varied recreational uses, and their economic values. The 1994–95 Governor's Budget proposes \$168.3 million and 2,053 personnel years for the department's State operations and local assistance programs.

Wildlife Management and Natural Heritage. The department is responsible for the Natural Communities Conservation Planning (NCCP) program, a major component of Resourceful California. This unprecedented effort, which is being applied on a pilot basis on the Coastal Sage Scrub habitat in Southern California, is an effort to anticipate situations in which a listing under the State and Federal Endangered Species Acts (ESA) might occur and to move species protection efforts to a multi-, rather than single-, species approach. It is a program of national importance, particularly given the many controversies surrounding the ESA. Based on an appreciation of biological diversity and ecosystem planning, the NCCP program is designed to preserve native animal and plant species and their habitat in amounts large enough to ensure their continued existence while accommodating compatible economic development.

#### CALIFORNIA TAHOE CONSERVANCY

The California Tahoe Conservancy is responsible for the acquisition, preservation and management of the lands in the Lake Tahoe Region for purposes of protecting the natural environment, providing public access and recreational facilities, and preserving wildlife habitat areas.

The Governor's Budget for 1994–95 proposes \$7.6 million and 27 personnel years for support, capital outlay and local assistance programs. Of these funds, \$1.9 million is proposed from the General Fund for continued purchases of environmentally sensitive lands in the Lake Tahoe Basin. The Conservancy estimates that there are 15,000 undeveloped parcels on the California side of the Tahoe Basin. Of this total, 6,000 to 7,000 are currently classified as environmentally sensitive. To date, the Conservancy has authorized the expenditure of \$116 million for the acquisition of 4,725 parcels. The Conservancy estimates that it may authorize acquisition of approximately 100 additional sensitive parcels at a cost of about \$2 million by the end of 1994-95.

Soil Erosion Control. Although the principal focus of the Conservancy is the acquisition of environmentally sensitive land, control of soil erosion in the Lake Tahoe Basin has become a high priority for the Conservancy. Soil erosion control is required to mitigate the effects of past development activities by reducing the discharge of sediment into the waters of Lake Tahoe and surrounding areas. The Governor's Budget includes \$2 million from the General Fund for additional soil erosion control grants in the Lake Tahoe Region. This amount will be awarded to various public agencies.

#### CALIFORNIA STATE COASTAL CONSERVANCY

The California State Coastal Conservancy was created to assist in the preservation of sensitive or unique coastal property and public access. The Conservancy also assists in resolving coastal land use disputes by preparing habitat and development plans for both coastal development and preservation, and providing grants for various coastal activities.

By obtaining public and private financial participation in its projects, the Coastal Conservancy is able to leverage the State funds appropriated by the Legislature and various propositions enacted by the State's voters. In 1992–93, for example, the Conservancy expended \$2.1 million to acquire 77 acres of Otay River frontage property in San Diego County for protection of sensitive coastal habitat and 148 acres at San Pedro Point in San Mateo County for open space and recreational use. The

Conservancy also funded the construction of new coastal accessways in the City of Carpenteria, Half Moon Bay and Point Cabrillo at a cost of \$260,000. For 1994–95, the Governor's Budget proposes \$4.2 million and 49 personnel years for support and \$6.8 million for capital outlay projects.

# DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department of Forestry and Fire Protection fulfills the State's responsibility to provide fire protection and suppression for approximately 36 million acres of publicly and privately owned wildlands, and administers local government fire protection under contract. The department also regulates logging practices on private forestland, provides advisory assistance on forest management to landowners, administers urban forestry grants, regulates controlled burning of brush lands, and manages eight State demonstration forests and two State nurseries.

The 1994–95 Budget proposes \$383.9 million and 4,456 personnel years for the department's State operations and local assistance programs.

Reforms of Timber Harvest Plans. In June 1993, the Governor directed the Resources Agency to accelerate the review of Timber Harvest Plans (THPs) conducted by the Departments of Forestry and Fish and Game. The departments have accomplished this mission, and are working to ensure a continuing flow of information between them, the timber industry, and the public. This data exchange includes regular status reports to all interested parties on pending THPs which have been under review beyond the maximum standard processing time.

Departmental Reorganization. The 1994–95 Budget will reflect the initial phases of a reorganization to focus resources on high-priority needs that are not currently being met. The plan will reduce the number of regions from four to two, decentralize more of the decision-making process at the local district level, reduce administration and management, and increase the field training programs. These improvements will be accomplished within existing resources.

The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects to be financed from General Obligation bond issues which will be proposed before the electorate in 1994. One component of the bond proposal is a Public Safety Bond Program which includes \$100 million for the repair or replacement of fire stations and camps operated by the Department of Forestry and Fire Protection. The budget proposes to

## NATURAL RESOURCES

appropriate approximately \$20 million of that amount in 1994-95.

#### DEPARTMENT OF WATER RESOURCES

The responsibility of the Department of Water Resources (DWR) is to protect, conserve, develop, and manage California's water for many uses, including agriculture, industry, municipal use, and fish and wildlife. The department is the operator of the State Water Project, which consists of 22 dams and reservoirs, 181 power and pumping plants, and over 640 miles of aqueduct. The department also manages the State's Water Bank, purchasing water from districts or agencies with surplus water in storage and from farmers or districts that can replace their surface supply by pumping groundwater.

The department has been extensively involved in virtually all aspects of the Governor's water policy. The Director of Water Resources is a member of the Water Policy Council, as well as a co-negotiator with the Agency Secretary of the Memorandum of Agreement on the transfer of the Central Valley Project and the integration of its operation with those of the State Water Project. The department will play a major role in implementing the interim water quality standards for the San Francisco Bay/Sacramento—San Joaquin Delta ordered by the State Water Resources Control Board, as directed under the Governor's water policy. Among the aspects affecting the State Water Project are those requiring conservation measures and environmental restoration.

The department is beginning final design of the South Delta Facilities projects, consisting of tide gate structures, an intake structure, channel dredging, levees, temporary rock barriers and appurtenant structures. The facilities are needed to reduce disruption to Delta fish and wildlife and improve the quality of water supplies which will reduce future difficulties and costs of treatment. The Governor's Budget proposes 19 positions and \$2,132,000 in State Water Project fund for this project in 1994–95.

The department is involved in completing the Coastal Branch of the State Water Project. The project includes construction of a 102-mile buried pipeline, four pumping plants, a power recovery plant, and five water tank sites for water storage. The pipeline will transport SWP water to San Luis Obispo and Santa Barbara Counties. To convey water to service areas within the counties, several distribution facilities will be built by local water purveyors which will be constructed concurrently with the State's construction. The Governor's Budget proposes 57 positions and \$4,929,000 in State Water Project funds for the Coastal Branch project in 1994–95.

The Water Bank. The State's Drought Water Bank was established in 1991. A State-operated brokering entity between willing sellers and buyers, the water bank has been successful in using market forces to meet the needs of water users. Approximately 800,000 acre-feet of water was sold to the bank by farmers in its first year of operation. In 1992, another 200,000 acre-feet was sold.

Legislation (AB 2897) enacted in 1992 gave DWR permanent authority to operate the water bank. In 1993, the department completed an Environmental Impact Report for the permanent water bank to facilitate transfers of water. The report sets forth a strategy for the water bank for five to ten years.

The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects to be financed from General Obligation bond issues which will be proposed before the electorate in 1994. One component of the bond proposal is a Public Safety Bond Program which includes \$135 million to fund the State's share of local flood control projects. The 1994-95 budget proposes the full \$135 milion be appropriated. These funds will go to various counties and local flood control districts, including Santa Ana Mainstem (Orange, Riverside, and San Bernardino Counties), Guadalupe River (Santa Clara Valley Water District), and San Luis Rey River (San Diego) projects.

#### STATE LANDS COMMISSION

The State Lands Commission administers policies established for the management and protection of all statutory lands that the State received from the federal government upon its entry into the Union. Such lands include the beds of all naturally navigable waterways such as major rivers, streams, and lakes; tide and submerged lands in the Pacific Ocean which extend from the mean high tide line seaward to the three–mile limit; swamp and overflow lands; vacant State schools lands; and granted lands.

The 1994–95 budget proposes that the Commission be eliminated and that its Mineral Resources Management and Land Management programs and most of the Marine Facilities Management program be transferred to a newly formed Department of Energy and Conservation. This new Department is part of a larger reorganization involving the Energy Commission, the Public Utilities Commission and the Department of Conservation. The reorganization plan will result in improved accountability, cost savings and streamlined regulatory activities. At the same time, the marine terminal oil spill contingency plan process currently housed in the State Lands Commission will be

consolidated with the Office of Oil Spill Prevention and Response in the Department of Fish and Game.

### CALIFORNIA COASTAL COMMISSION

The California Coastal Commission implements the State's coastal management program pursuant to the California Coastal Act of 1976 and the Federal Coastal Zone Management Act of 1972. A semiautonomous body, the Commission regulates development in the coastal zone of the State.

In 1992, the Governor significantly enhanced the authority of the Commission by signing legislation that grants the commission authority to issue cease-and-desist orders. In 1993, SB 608 was enacted which deters violations of the Coastal Act and illegal development along California's coast. The new law clarifies the ability of the Coastal Commission to issue and enforce cease and desist orders, enforce restoration orders, and seek fines for violations of these orders and of the California Coastal Act.

The 1994–95 Governor's Budget proposes \$9.1 million and 112.5 personnel years for the Commission's State operations program.

#### **ENERGY COMMISSION**

For nearly two decades, California has been recognized as having the most innovative energy policies in the nation. The programs associated with these policies have led to significant economic development for our state. In an effort to continue this record of leadership, the Governor recently proposed a reorganization of state energy functions that include a consolidation of the programs at the California Energy Commission (CEC) with related energy programs at other State agencies into a new Department of Energy and Conservation, as well as various changes in the structure of the California Public Utilities Commission (PUC). This proposal is designed to reduce the size of government and conform regulatory practices to the market realities of the 1990s and beyond. The common theme underlying the proposal is the desire to advance the use of competition and market forces and to substitute them for outdated regulatory functions of government that originated when monopolies dominated California's energy scene. Efficiencies from the reorganization are expected to come through elimination of duplicative functions between agencies and changes in streamlined regulatory practices.

Some of the major features of the reorganization include:

- Eliminating the role of Commissioners at the CEC and transferring the agency's non-electricity planning programs to a new Department of Energy and Conservation within the Resources Agency.
- Consolidating and transferring the oil, gas and geothermal programs of the Department of Conservation and the State Lands Commission to the new department.
- Transferring the Energy Extension Service from the Office of Planning and Research into the new department;.
- Consolidating and transferring the energy facility and power-plant siting programs of the CEC and the PUC to the jurisdiction of a new Energy Facilities Siting Board which is staffed by the new department.
- Reorganizing PUC staff to reorient procedures away from trial-like hearings, by recasting the Administrative Law Judge Division into an "Alternative Dispute Resolution Division" to facilitate negotiation and decision making.
- Opening the electricity transmission grid to all users.

The redesigned responsibilities of the new department are critically important to ensure that the regulatory hand of government keeps a reasonable and rational pace with the progress marked by the emerging role of competition in California's energy future.

#### DEPARTMENT OF CONSERVATION

The Department of Conservation (DOC) fosters conservation practices and wise use of the State's land, energy and mineral resources. To meet the economic and resource needs of California's growing population, the department has been committed to balancing the conservation of the State's resources with economic development.

To continue to meet these responsibilities in a more efficient manner, the DOC will be eliminated as it is currently configured and its major functions reassigned as follows:

In conjunction with the elimination of the Integrated Waste Management Board, the Beverage Container Recycling Program will be transferred to a new Department of Waste Management within the Environmental Protection Agency;

## NATURAL RESOURCES

Transferring the oil, gas and geothermal programs, along with the mining and geology activities, and the land conservation programs to the new Department of Energy and Conservation.

Each of these programs is described below:

Beverage Container Recycling Program. The objectives of this program are to ensure: (1) each beverage container type included in the recycling program reaches an 80 percent recycling goal; (2) litter is reduced statewide; and (3) recycling opportunities maximize convenience, to the extent possible. The Department achieved an overall beverage container recycling rate of 87 percent during the first half of 1993. Aluminum containers exceed the mandated 80 percent recycling goal; however, glass, plastic and bimetal containers fall short of this goal. Therefore, in 1994-95, the new Department of Waste Management will be focusing its outreach efforts on bringing these containers up to the mandated 80 percent recycling rate. The Department has proposed significant regulatory reforms for the recycling program to ease the burdens on industry and foster economic recovery while at the same time protecting environmental concerns.

Land Conservation. This program area includes administration of the Williamson Act, the Soil Resource Protection program, as well as Farmland Mapping and Monitoring. The Farmland Mapping and Monitoring program (FMMP) maps the cumulative gains and losses in agricultural lands in California to serve as a basis for land—use decisions. In 1993–94, FMMP expanded its mapping inventory to 43 million acres, representing 43 percent of the State's land, and 82 percent of the State's farmlands. Over 660,000 acres were added to the inventory during 1993–94. The Governor also signed legislation implementing a 150 percent increase in the State appropriation for local Open Space Subvention payments to counties.

Mining and Geology. This program's objective is to prevent injury and damage resulting from geologic hazards and to encourage the development of the State's mineral resources. It also includes the administration of the Surface Mining and Reclamation Act in concert with the State Mining and Geology Board. Using a new \$2 million federal appropriation, the new Department of Energy and Conservation will create a public–private project to develop a radar—based, terrain mapping system which employs technology originally developed for the defense industry. The objective is to use advancements in terrain mapping to improve identification of geologic and environmental hazards, increase public safety, and improve environmental management.

Oil, Gas and Geothermal. The objective of this program is to regulate the State's oil, natural gas, and geothermal resources for conservation and development purposes, and to prevent conditions damaging to life, health and property. The Department is facilitating inter–governmental cooperation, working with federal, State, and local agencies. As a result of this cooperation, in 1993–94 the Department resolved a complex issue involving conflicting Endangered Species Act and public safety requirements.

#### **CALIFORNIA CONSERVATION CORPS**

The California Conservation Corps (CCC) carries out a dual mission: the conservation and development of the State's natural resources and the employment and development of young men and women. By bringing the State's youth and environment together, the CCC provides substantial benefits to both.

In 1993, the CCC devoted nearly three million hours to natural resource work and disaster assistance. More than 2,600 corpsmembers — young men and women between the ages of 18 and 23 — were hired throughout the State during the year. Corpsmembers worked for local, State, and federal agencies in cities as well as rural areas. Typical projects included landscaping and construction work, trail building, wildlife habitat rehabilitation, stream and creek clearance, erosion control efforts, retro–fitting work for energy savings, and historical renovation.

The CCC also serves as one of the State's premier emergency response forces. Working with the Department of Fish and Game's Oil Spill Response Office, the CCC trained 200 corpsmembers (100 each in Northern and Southern California) in spill cleanup procedures. In addition to oil spills, the Corps responds to a wide variety of emergency situations and natural disasters. This response includes snow removal, firefighting, and flood control work.

Along with the natural resource and emergency work, corpsmembers also devote time during their year in the Corps to academic efforts. Those without high school diplomas work toward their GEDs, and in 1993 more than 130 corpsmembers were awarded their GEDs.

The 1994–95 Governor's Budget proposes \$50.1 million for the department's operations. The CCC, designated by 1993 legislation as a performance–based budget department, continues to seek and obtain both special funding as well as additional project reimbursement dollars for high quality conservation work.

### **EMPLOYEE COMPENSATION**

California currently spends approximately \$14 billion annually to fund the salaries, wages, and benefits of over 263,500\* State personnel. Of this amount, \$4.4 billion funds approximately 85,200 higher education personnel, and the remaining \$9.6 billion funds the salaries, wages and benefits of approximately 178,300 civil service personnel.

The following information addresses the employee compensation provided for State Civil service personnel.

Retirement and Health Benefits. Salaries and wages are only part of the total employee compensation package. The State pays a substantial amount of money for employee retirement and health benefits. For example, the 1994-95 Governor's Budget proposes to spend approximately \$2 billion for retirement, health, dental, vision, and Social Security benefits for active employees; and an additional \$329 million for health and dental benefits for State retirees. Table 19-1 identifies the State's contribution for these fringe benefits over a tenyear period from 1985–86 through 1994–95.

Retirement contributions have varied from year to year, but have remained fairly stable over the past ten years, largely as a result of increasing yields on investments of the retirement fund. The Public Employees' Retirement System (PERS) Board of Administration determines the retirement rates paid by State and other employers. The rates set by the PERS Board are based on actuarial estimates of present income required to fund the cost of all benefits payable in the future. There are three sources of income to the retirement fund:

- 1. Employee contributions, which are specified by law, are a fixed percentage of payroll (about six percent on average) and vary with the number of employees and their retirement categories;
- 2. Yield on investment, which varies with the success of investment decisions; and
- State and other employer contributions, which make up the difference between the amount needed and the amount received from employees and investment income.

In 1994–95, the State's contribution is estimated to be approximately \$880 million.

In contrast, health, dental, and vision care benefits for active employees have become increasingly costly over the past ten years, growing from \$381 million in 1985-86 to \$800 million estimated for 1994-95. Social Security payments also have risen steadily, as both the rate and the proportion of salary to which the rate is applied have increased.

Similarly, health and dental benefits for annuitants, the State's contribution for medical care for its retirees, which does not include vision care, has increased from \$108 million in 1985-86 to \$329 million in 1994-95 with increases averaging \$24 million per year.

In addition to the cost spiral in health benefits, the State faces a pressing problem in one of its retirement programs.

\*All personnel year numbers exclude legislators, legislative staff and State Compensation Insurance Fund employees.

				TABLE	19-1					
	FRING	BENEF	ITS FOR A	ACTIVE A	ND RETII	RED STA	TE EMPLO	DYEES		
			(Do	OLLARS IN	MILLION	S)			1000.04	1004.05
Activos	1985-86	1986-87	1987-88	1988-89	1989-90	19 <b>90-</b> 91	1991-92	1992-93	1993-94 (Estimated)	1994-95 (Proposed)
Actives Retirement Health benefits Dental/vision Social Security	\$ 914 302 79 <u>238</u>	\$882 325 83 <u>250</u>	\$891 363 87 <u>262</u>	\$767 424 91 <u>275</u>	\$871 522 96 <u>289</u>	\$689 635 100 <u>303</u>	\$935 687 105 <u>319</u>	\$823 709 118 <u>337</u>	\$ 880 690 107 <u>330</u>	\$ 880 690 110 <u>335</u>
Subtotals, Actives	\$1,533	\$1,540	\$1,603	\$1,557	\$1,778	\$1,727	\$2,046	\$1,987	\$2,032	<b>\$2,0</b> 15
Retirees Health/dental benef	its <u>108</u>	<u>116</u>	133	<u>156</u>	<u>191</u>	<u>228</u>	<u>267</u>	<u>293</u>	<u>317</u>	329
Totals	\$1,641	\$1,656	\$1,736	\$1,713	\$1,969	\$1,955	\$2,313	\$2,302	\$2,324	\$2,344

The latest actuarial valuation of the Judges' Retirement System reveals that the unfunded liability of the system is approximately \$1.6 billion. Current law requires the system to be "fully funded and actuarially sound" by January 1, 2002. The State has only seven years after 1994–95 to meet this requirement, which will be very costly to the General Fund.

The State is also required to increase its General Fund contributions to the State Teachers' Retirement System (STRS) pursuant to Sections 22954 and 22955 of the Education Code. The 1994–95 Governor's Budget proposes General Fund expenditures to STRS of \$875 million, including local mandate costs, for an increase of \$60 million from 1993–94.

Current Compensation Package. Since the advent of collective bargaining for State employees in the early 1980s, the terms and conditions of employment for represented civil service employees have been established through the collective bargaining process. Presently, there are twenty—one collective bargaining units. Compensation for non—represented employees is established by the Department of Personnel Administration (DPA) which represents the Governor on all employer-employee issues.

The State entered into a three-year collective bargaining agreement with all twenty-one employee groups effective July 1, 1992 through June 30, 1995. In recognition of the State's fiscal condition, State employees have participated in salary reduction programs as well as paying a greater share of their health, dental and vision benefit premium costs. For example, under the personal leave program (PLP), employees have foregone one day of salary per month in exchange for an additional day of vacation for an eighteen—month period. This has resulted in savings of over \$340 million (\$169 million General Fund) in salaries over the 18 month PLP program period. The PLP terminated for most employees in December 1993 with the exception of exempt managers, who are continuing to undergo salary reductions.

With the exception of State managerial employees, the collective bargaining agreements provide employees with a five-percent general salary increase effective January 1, 1994. The 1993–94 Budget Act included \$234 million (\$134 million General Fund) to comply with those collective bargaining agreements. For the 1994–95 Fiscal Year, the agreements authorize a salary increase ranging from 3.5 percent to five percent based on specified economic index increases. In compliance with the collective bargaining agreement, the proposed budget assumes the provision of a 3.5 percent salary increase for State employees, again with the exception of State

managers. The 1994-95 Governor's Budget provides funds to pay for the salary increase for those employees of departments that provide direct public safety, 24-hour care services or are major revenue producers. Funds for employees not providing these direct services, however, will not be provided. Moreover, all other State departments will pay for the salary increase of their employees through savings and program efficiencies.

In 1993–94, the Administration implemented a pay-for-performance program for State managerial employees. According to DPA, department directors will now have the discretion under the program to authorize salary increases of up to five percent in 1993–94 based upon performance. Moreover, future salary increases for managers will be performance-based and increases that were given previously may be reduced if performance declines. However, exempt managers will not receive a salary increase. Funds to pay for the salary increases of managers, based upon their performance, will not be allocated to departments in 1993–94 or 1994–95.

Finally, DPA will extend the pay-for-performance program to supervisors, effective January 1, 1995, and also recommend performance-based pay for all employees in future collective bargaining agreements.

### STATE INFRASTRUCTURE

Proposed 1994–95 expenditures for the Capital Outlay Program are \$674 million. The funding for this program is derived from a number of sources including: general obligation (GO) bonds (83 percent), lease revenue bonds (three percent), special funds (eight percent), General Fund (four percent) and the remainder from other funds (two percent).

The 1994-95 Governor's Budget proposes a variety of infrastructure and construction projects to be financed from GO bond issues which will be proposed before the electorate in either the June and/or November general elections. Specific proposals include:

- \$1.6 billion for K-12 schools to meet the demands for more classrooms.
- \* \$1.4 billion for a variety of public safety program needs to include: Prison and Youth Authority facility construction (\$1.02 billion); construction of an Emergency Services Operations Center and Military Headquarters (\$.055 billion); replacement and repair of Forestry Fire Stations and continuation of existing local flood control efforts (\$.235 billion); and construction of a public health lab facility (\$.090 billion).

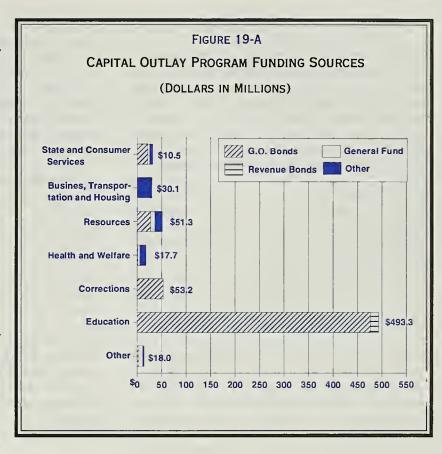
- \$1 billion previously authorized by Proposition 108 (Passenger Rail and Clean Air Bond Act of 1990) for Urban and Intercity Rail Transit Programs.
- \$900 million to support the higher education need for construction, renovation and expansion of classrooms, laboratories and libraries as well as projects to update infrastructure on campuses to meet life safety requirements.
- \$200 million for the development of an Infrastructure Bank to assist local jurisdictions in addressing critical local infrastructure needs.

This year's program also proposes to increase the flexibility for the use of identified project savings. This additional flexibility will establish a pilot to increase the use of identified savings from completed capital outlay projects. Under the pilot, savings will be utilized to begin working drawings on approved capital outlay

projects, or to fund additional minor capital outlay. (i.e., asbestos removal, disability access, etc.) The present process of reverting identified savings delays capital projects from moving forward when ready. However, providing the additional flexibility for the use of savings, will enable departments to test whether projects can be completed in a more timely and cost-effective manner.

The funds that can be used to address infrastructure needs have remained fairly constant from the current year. The 1994–95 Governor's Budget continues to emphasize the growth needs of the higher education program and the prison construction program as well as providing sufficient resources to meet continuing commitments in other departments and programs. Capital outlay funding sources for 1994-95 are shown by agency in Figure 19–A.

As in previous years, the Department of Finance will again publish a ten-year report on the capital outlay and infrastructure needs of California. While the identified need of State programs has not changed significantly from the 1993 report, changes in the economy and the structural changes that will effect State government will certainly have a significant impact on the State's ability to address the long list of needs that have been identified. Other considerations that will effect the State's program



are the willingness of the electorate to authorize general obligation bonds to fund such a program. In addition, some traditional fund sources that have been used to meet these needs, are declining as a means to fund the identified program priorities. However, improved planning, along with a favorable bidding climate, may assist in ameliorating some of these other factors.

TABLE 19-2						
CAPITAL OUTLAY PROGR	AM					
(DOLLARS IN THOUSANDS	5)					
Agency	1994-95					
Legislative, Judicial and Executive State and Consumer Services Business, Transportation and Housing Resources Health and Welfare Youth and Adult Correctional Higher Education General Government Total	\$3,934 10,485 30,117 51,260 17,683 53,255 493,297 14,106 \$674,137					

Certain methods are currently being explored to make the capital process more efficient, eliminate down time on projects and reduce costs. For example, pursuant to Senate Concurrent Resolution 39, the Department of General Services (DGS) completed a Strategic Facilities Plan for Sacramento. That plan is similar to the San Francisco/Oakland State Facilities Plan completed in May 1992, and the Los Angeles Basin Plan and the Riverside/San Bernardino Regional Facilities Studies, both completed in June 1993. This strategic approach to facilities planning will guide the future management of the State's office space needs in terms of ownership versus leasing. Paramount in this trend will be the consolidation of State activities and the use of various funding mechanisms such as design-build, Joint Powers Authority (JPA) issued bonds, and lease-purchases. This planned approach to occupying leased and owned space should save California millions of dollars in future years. Capital Outlay funding for 1994-95 is shown by agency in Table 19-2.

The general direction of DGS in implementing the regional facilities plans is the use of JPAs. There are potential advantages in using the JPA approach. Such advantages include: the authority to issue JPA lease-revenue bonds to finance projects; expediting the projects to save construction time and costs; and the ability to provide a more competitive bidding environment. In

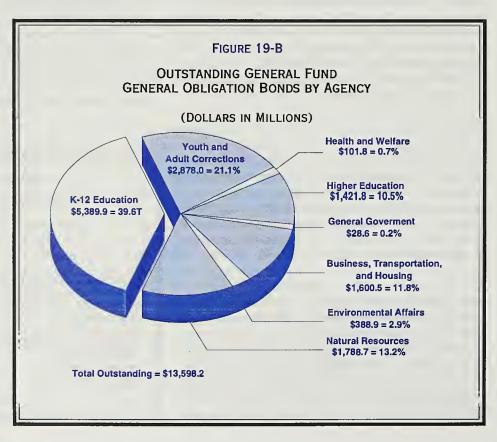
order to expedite the implementation of the regional plans, the Legislature has passed various pieces of legislation which provide DGS with the authority to proceed. Currently, the total costs of the regional plans exceed \$1 billion.

Highlights of the 1994–95 Capital Outlay program are as follows:

\* \$493.3 million in proposed expenditures for higher education. This amount will permit the University of California to address 37 projects at 9 campuses and the California State University (CSU) to address 59 projects at 20 campuses. Specifically, the CSU plan emphasizes seismic rehabilitation, utility

and infrastructure projects to provide an integrated, state-of-the-art network that facilitates communication transmission. In addition, this year's budget provides these two higher education segments the flexibility to use identified savings from approved capital outlay projects for other high-priority items such as, working drawings on approved projects, and funding additional minor capital outlay. This use of savings will allow projects to proceed along in a more timely manner, and thus, negate the effects of inflation-induced cost increases. With respect to Community Colleges the budget allows this segment to address 127 projects at 86 campuses. The projects addressed by the higher education segments will range from preliminary plans, working drawings and site development for new facilities, to construction and/ or renovation of facilities, as well as providing those facilities with necessary equipment to effectively carry out their purpose.

\* \$53.3 million to renovate the State's existing prison facilities which includes security and safety improvements and modifications to accommodate overcrowding (\$36.5 million) and to upgrade youth detention facilities to accommodate population increases (\$16.8 million).



- \$ \$19.8 million in the Department of Forestry and Fire Protection for facility improvement and replacement of old and worn out fire stations, and other emergency response facilities for fire protection.
- \$12.1 million for the Employment Development Department to renovate and to abate asbestos of various field offices and to consolidate its Sacramento warehouse functions.
- \$10.5 million is proposed for critical fire/life safety projects in the Department of Veterans Affairs.
- \$11 million for acquisition and development of State parks lands.
- \* \$5.5 million in proposed expenditures for Health and Welfare agencies. This amount will permit the Departments of Mental Health, Rehabilitation, and Developmental Services, to address projects ranging from construction and/or renovation in 112,000 square feet of client facilities, to upgrading fire alarm systems, and water treatment and distribution systems. Also, the Department of Health Services will be able to begin addressing the acquisition of land and construction of a new laboratory facility. Funding for the new laboratory will be provided by the proposed 1994 Public Safety Bond.
- \$4.8 million in the Department of Water Resources to protect levees on the Sacramento River and continuation of the federal flood control project.
- \$3.9 million in the Office of Emergency Services to acquire a site for its Sacramento Headquarters and State Operations Center.
- \$3.5 million in Department of Fish and Game to expand and modify hatcheries and provide for acquisition and development of Suisun Marshland.

### **BONDS**

Bond financing is a form of long-term borrowing under which the State raises money by issuing financial securities to investors, such as voter-approved general obligation bonds or legislatively-approved lease-revenue bonds. Bonds are used to finance a wide variety of projects benefiting the public, including schools, prisons, highways, rail transit, parks and water treatment facilities. (For specific information on bond expenditures see the various expenditure areas.)

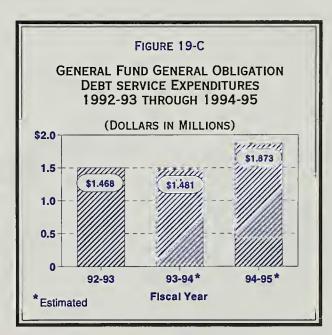
General Obligation. California currently owes \$13.6 billion in principal on authorized General Fund general obligation bonds as of the end of calendar year 1993. Figure 19–B reflects outstanding bonds by Agency. The cost to the State's General Fund for the payment of interest and redemption on these bonds was \$1.468 billion in 1992-93, and is estimated to be \$1.481 billion in 1993–94 and \$1.873 billion in 1994-95 (see Figure 19-C). This significant increase is primarily attributed to changing accounting methodology from accrual to cash basis.

Lease Revenue. In recent years, the State has increased the use of lease-revenue bonds to supplement the general obligation bonds program. The lease-purchase method of financing projects is used primarily for higher education facilities, State prison construction and general-purpose office buildings.

Outstanding lease-revenue bonds totaled \$3.60 billion for 1992-93, and are estimated to total \$4.056 billion for 1993-94 and \$4.726 billion for 1994-95 (see Figure 19–D). The cost to the State's General Fund for the payment of interest and redemption on all lease-revenue bonds was \$218 million in 1992-93, and is estimated to be \$238 million for 1993-94 and \$312 million for 1994-95.

### TRIAL COURT FUNDING PROGRAM

The Trial Court Funding Realignment and Efficiency Act of 1991 (Chapter 90, Statutes of 1991) made significant changes to trial court funding statutes. Those changes included providing increased State funding of



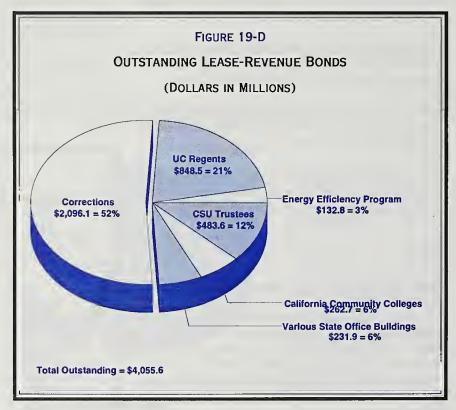
the trial courts and transferring a share of city and county non-parking fines to the State General Fund. The increase in State funding was intended to be offset by the local revenue deposited into the General Fund. Chapter 90 also contained intent language for the State to fund 55 percent of trial court costs in 1992-93, increasing by 5 percent annually to 70 percent in 1995-96 and each fiscal year thereafter.

Chapter 696, Statutes of 1992 (AB 1344) increased trial court filing fees and established the Trial Court Trust Fund for payment of trial court costs. These fees resulted in \$119,185,000 in additional revenue in 1992-93. It is estimated that \$141,500,000 will be collected and distributed in both 1993-94 and 1994-95.

A total of \$1.017 billion from all State funds is proposed for trial court funding. This amount will fund the trial courts at 65 percent of trial court costs as estimated by the Judicial Council. This is \$401,175,000 more than the amount of state support for trial courts in the current year. Additionally, the State proposes to authorize fine and penalty revenues to remain at the local level rather than have them transferred to the General Fund from cities and counties as required by Chapter 90.

In late December, the Judicial Council ratified the lengthy effort of the Trial Court Budgeting Commission by approving proposed budgets for each trial court in the State. These individual budgets total more than \$1.7 billion statewide, approximately \$165 million more than had been earlier estimated. The Administration recognizes the significant effort of the Trial Court Budgeting Commission in reviewing the proposed expenditures of each court and in the future it should be possible to use the information developed by the Commission to establish the appropriate level of Trial Court Funding from the State. However, there was insufficient time for discussions relative to the impact of the combined proposed budgets on other State and county programs in the current fiscal environment. Therefore, the original estimate prepared by the Judicial Council has been used for preparing this budget. In the coming months, the Administration will be looking to the Judicial Council for its recommendations about the appropriate level of funding for trial courts after it has been able to consider the impact on other State and county programs.

TABLE 19-3						
TRIAL COURT FUNDING						
(DOLLARS IN THOUSANDS)						
	1993-94	1994-95				
Statewide Functions: Judges Retirement Assigned Judges Trial Court Functions	\$46,140 (36,138) (10,002) 1,469,763					
Totals, Trial Courts  State Funds: General Fund Trial Court Trust Fund Local Funds	\$1,515,903 <b>616,197</b> (474,697) ( <u>141,500</u> ) 8 <b>99,706</b>	\$1,565,188 1,017,372 (875,872) (141,500) 547,816				



## APPENDIX \*\*

## SCHEDULES



### APPENDIX/SCHEDULES

### **BUDGETARY PROCESS**

GLOSSARY OF BUDGET TERMS

DESCRIPTION OF FUND CLASSIFICATIONS IN THE STATE TREASURY

### SCHEDULES

002	
SCHEDULE 1	GENERAL BUDGET SUMMARY
SCHEDULE 2	TOTAL STATE SPENDING PLAN
SCHEDULE 3A	TOTAL STATE SPENDING PLAN BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) FUN
	CLASSIFICATIONS
SCHEDULE 3B	COMPARISON OF CALIFORNIA'S CURRENT FUND STRUCTURE TO RECOMMENDED GAAP FUND
	CLASSIFICATIONS
SCHEDULE 4A	PERSONNEL YEARS AND SALARY COST ESTIMATES
SCHEDULE 4B	POSITIONS AND SALARY COST ESTIMATES
SCHEDULE 5	SUMMARY OF STATE POPULATION, EMPLOYEES AND EXPENDITURES
SCHEDULE 6	GENERAL FUND ANALYSIS OF CHANGE IN RESERVES
SCHEDULE 7	GENERAL FUND STATEMENT OF FINANCIAL CONDITION
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SCHEDULE 13A	STATE APPROPRIATIONS LIMIT SUMMARY
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SCHEDULE 13D	TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS
SCHEDULE 13E	EXPENDITURES EXCLUDED FROM THE STATE APPROPRIATIONS LIMIT BY AGENCY

### **Budgetary Process**

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. The Department of Finance also prepares updates on revenues and expenditures at interim points of the fiscal year. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued By	When
Budget Letters and Management Memos	Convey Administration guidelines for budget preparation to agencies and departments.	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service.	Agencies and depart- ments submit to Depart- ment of Finance for analysis	July through September
Governor's Budget	Governor proposes budget for the up- coming fiscal year.	Governor/Department of Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document.)	Department of Finance/ Legislature	January 10
Budget Analysis	Analysis of the budget, including recom- mendations for changes to the Gover- nor's Budget.	Legislative Analyst	February
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, ex- penditures and reserve estimates based on the latest economic forecast.	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes.	Legislature/Governor	Late June
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules.	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget in accordance with the Budget Act.	Department of Finance	Late July

### Glossary of Budget Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget- related terms may be found in the State Administrative Manual and in the annual Budget Bill.

### **Administration Program:**

An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department.

"Administration-distributed" represents those costs which are more properly distributed to the program activities of a department as indirect costs.

### Allocation:

A distribution of funds, or an expenditure limit established for an organization unit.

### Allotment:

A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a lineitem expenditure basis.

### Appropriation:

An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Continuous appropriations (see definition below) can be provided for by legislation or the California Constitution.

### **Appropriations Limit:**

As defined in Section 8 of Article XIIIB of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited

to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another.

### Augmentation:

An increase to an appropriation. A control section of the Budget Act authorizes the increase in expenditures for a program, category, or project by transfer from any other program, category, or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

### **Authorized Positions:**

Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are either listed following each department's budget presentation in the Governor's Budget or as supplemental schedules to the Budget. (See Proposed New Positions.)

### **Balance Available:**

Amount available for appropriation or expenditure/encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be spent for the purposes of the specific appropriation.

### **Baseline Budget:**

A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes an adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

### Budget, Program/Traditional:

A plan of operation for a specific period of time expressed in financial terms. A program budget expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives. A traditional budget expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.

### Budget Bill/Act:

The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's proposal for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act.

### Budget Change Proposal (BCP):

A proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

### Budget Year (BY):

The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

### Capital Outlay:

Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

### Carryover Appropriations:

Appropriations with balances available for expenditure in years subsequent to the year of enactment.

### Category:

A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

### Category Transfer:

A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation item schedule.

Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

### Changes in Authorized Positions:

A schedule either included in each budget presentation in the Governor's Budget or as a supplemental schedule to the Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

### Character of Expenditure:

A classification of expenditures. (See State Operations, Local Assistance or Capital Outlay.)

### Codes, Uniform:

A set of codes, used in all major fiscal systems of California State government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and lineitem objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

### Continuous Appropriation:

Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which exists from year to year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or whatever amount is required for the purpose as determined by formula—such as school apportionments.

### Control Sections, Budget Act:

The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California.

Sections 4.00 through 36.00 are general sections, also referred to as control sections, which generally provide additional authorizations or place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

### Cost-of-Living Adjustments (COLAs). Statutory/Discretionary:

Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid.

### Current Year (CY):

The fiscal year beginning July 1 and ending June 30. The time period we are in now.

### Encumbrance:

An obligation placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

### **Expenditure:**

Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

### Federal Funds:

In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. Generally, state departments must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

### Final Budget:

The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number.

### Finance Letters:

Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Budget Year.

### Fiscal Year (FY):

A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'90" or "1990" means the 1990–91 fiscal year. By contrast, the federal 1990–91 fiscal year is often referenced as "'91" or "1991," and lasts from October 1 through September 30.

### **Fund Balance:**

Excess of the assets of a fund over its liabilities. (See Balance Available, Special Fund for Economic Uncertainties and Surplus.)

### **Fund Condition Statement:**

A statement included in the Governor's Budget for the General Fund, special funds, special accounts in the General Fund, and specific bond funds and nongovernmental cost funds to disclose beginning reserves, revenues and transfers, expenditures and ending reserves.

### Funds:

A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See "Description of Fund Classifications in State Treasury." which follows in this volume.)

### General Fund:

The General Fund is the predominant fund for financing State operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Schedule 8. The General Fund is used as the major funding source for education (K–12 and higher education), health and welfare programs, youth and adult correctional programs and tax relief. Schedule 9 provides a listing of expenditures for the General Fund.

### Item:

(See Appropriation.)

Governmental Cost Funds:

(See Special Funds.)

### Limited-Term Positions:

A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

### Line Item:

(See Objects.)

### Local Assistance:

Expenditures made for the support of local government activities.

### Local Mandates:

(See State-Mandated Local Program.)

### Merit Salary Adjustment:

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

### Minor Capital Outlay:

Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$250,000.

### Objects (line items):

A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay expenditures. The

Department of Finance publishes a Uniform Codes Manual which reflects the standard lineitem objects of expenditure.

### Past Year (PY):

The fiscal year just completed. (See Fiscal Year.)

### Personnel Years:

The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

### Positions:

(See Authorized Positions.)

### Programs:

The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

### **Proposed New Positions:**

A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

### Reappropriation:

The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

### Receipts:

Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

### Reconciliation With Appropriations:

A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

### Reimbursements:

Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

### Reserve:

An amount set aside in a fund balance to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, pending salary or price increase appropriations and appropriations for capital outlay projects.

### Revenue:

The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings.

### Reversion:

The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years (four years for federal funds) after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

### Salary Savings:

Salary savings reflects personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

### Special Fund for Economic Uncertainties:

Statutes and the control sections of the Budget Act provide for the establishment of a Special Fund for Economic Uncertainties and a reserve in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriations Limit.)

### Special Funds:

Special funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of

special funds are the transportation funds, fish and game funds and the professions and vocations funds. Revenues, expenditures and the condition of special funds are summarized in Schedules 8, 9 and 10.

### Staff Benefits:

The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

### State-Mandated Local Program:

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 8885 Commission on State Mandates.)

### **State Operations:**

Expenditures for the support of State government, exclusive of capital investments and expenditures for local government activities.

### Summary by Object:

A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.

### Summary of Program Requirements:

At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals, personnel-years, and source of funds for the past, current and budget years.

### **Summary Schedules:**

The Governor's Budget includes schedules which summarize state revenues, expenditures and other fiscal and personnel data for the past, current and budget years. (See Schedules 1–13 which follow in this volume.)

### Tax Expenditures:

Subsidies provided through the taxation systems.

### Transfers:

As reflected in fund condition statements, transfers reflect the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.

### **Description of Key Schedules**

The Budget includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government.

SCHEDULE 1. General Budget Summary—Provides for a summary of total statewide revenues and expenditures for the General Fund and Special funds plus expenditure totals for the Selected Bond funds.

SCHEDULE 2. Total State Spending Plan—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

SCHEDULE 3A. Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classifications—Provides in a single schedule the State's Total Spending Plan (Schedule 2) rearranged into GAAP Fund Classifications.

SCHEDULE 3B. Comparison of California's Current Fund Structure to Recommended GAAP Fund Classifications—Provides a comparison of California's Current Fund Structure to recommended GAAP Fund Classifications.

SCHEDULE 4A. Personnel Years and Salary Cost Estimates—Provides personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

SCHEDULE 4B. Positions and Salary Cost Estimates—Provides position and personnel year data and corresponding dollar amounts by functional breakdown. This schedule reflects both gross data before salary savings and net totals salaries and wages.

SCHEDULE 5. Summary of State Population, Employees, and Expenditures—Provides historical data of State population, employees and expenditures.

SCHEDULE 6. General Fund— Analysis of Change in Reserves— Provides a comparison of the General Fund amounts presented in the pre-

vious Governor's Budget to the amounts presented in this Governor's Budget.

SCHEDULE 7. General Fund: Statement of Financial Condition—Provides the financial condition of the General Fund as of June 30 from the most recently available information from the State Controller.

SCHEDULE 8. Comparative Statement of Revenues—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

**SCHEDULE 9.** Comparative Statement of Expenditures—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, selected Bond funds and Federal funds for State Operations, Local Assistance and Capital Outlay.

SCHEDULE 10. Summary of Fund Condition Statements—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

SCHEDULE 11. Statement of Cash and Securities—Provides a listing of cash, securities and amounts due from the Surplus Money Investment Fund for all funds maintained in the State Treasury.

SCHEDULE 12. Statement of Bonded Debt—Provides a listing of all general obligation bonds including maturity dates, authorized amount of bond issues, unsold issues, redemptions and outstanding issues.

SCHEDULE 13A. State Appropriations Limit Summary—Provides a summary of Schedules 13B through 13E and calculates the State Appropriations Limit (SAL), total SAL Appropriations and the Appropriation Limit Room or Surplus.

SCHEDULE 13B. Revenues to Excluded Funds—Provides a listing of revenues to special funds that are not included in the calculation of total appropriations subject to the State Appropriations Limit.

SCHEDULE 13C. Non-tax Revenues in Funds Subject to Limit—Provides a total of non-tax revenues for General and Special funds deposited in funds that are included in the calculation of total appropriations subject to the State Appropriations Limit.

SCHEDULE 13D. Transfers from Excluded Funds to Included Funds—Provides a listing of transfers between funds that are included in calculating the appropriations subject to the State Appropriations Limit.

SCHEDULE 13E. Expenditures Excluded from Limit by Agency—Provides a distribution of actual gross appropriations that are excluded from appropriations subject to the State Appropriations Limit.

### Description of Fund Classifications in the State Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 10 and 11 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals, and along with selected Bond Funds, are included in the overall expenditure totals. In 1981-82 the State of California began to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the budget totals.

General Fund. Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental costs funds is the restriction placed on the use of the other governmental cost funds.

Special Funds. Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement; and capital outlay.

General Fund Special Accounts. Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

Other Funds. See Schedule 11 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

Working Capital and Revolving Funds. Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

Public Service Enterprise Funds. Self supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

Bond Funds. Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

Retirement Funds. Moneys held in trust by the State for retirement benefit payments.

Trust and Agency Funds. Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

### Selected Bond Funds

Selected bond funds are General Obligation Bond funds which are non-self liquidating. Included in the overall expenditures totals of Schedules 1 and 9 for budget purposes are expenditures from the selected bond funds. The following page provides a complete listing of all selected bond funds.

Fund		Fund
No.	Fund Name	No. Fund Name
732	Beach, Park, Recreational and Historical Facilities Fund of 1964, State	<ul><li>714 Home Building and Rehabilitation Fund</li><li>720 Lake Tahoe Acquisition Fund</li></ul>
733	Beach, Park, Recreational and Historical Facilities Fund of 1974, State	794 Library Construction and Renovation Fund, California
743	Bond Proceeds Account, State School Building Lease-Purchase Fund	723 New Prison Construction Fund 781 New Prison Construction Revenue Fund
703	Clean Air and Transportation Improvement Fund	762 Oil Spill Bond Expense Account, Oil Spill Prevention and Administration Fund
740	Clean Water Bond Fund of 1984, State	712 Park, Recreation and Wildlife Enhancement
734	Clean Water Fund, State	Bond Fund
737	Clean Water and Water Conservation Fund,	721 Parkland Fund of 1980
=0.4	State	722 Parkland Fund of 1984
764	Clean Water and Water Reclamation Fund of 1988	756 Passenger Rail Bond Fund of 1990
730	Coastal Conservancy Fund of 1984, State	751 Prison Construction Bond Fund of 1990
716	Community Parklands Fund	724 Prison Construction Fund of 1984
736	Construction Program Fund, State	746 Prison Construction Fund of 1986
711	County Correctional Facility Capital Expen-	747 Prison Construction Fund of 1988
	diture Fund of 1986	754 Public Safety Fund, 1994 (Proposed)
796	County Correctional Facility Capital Expen-	728 Recreation and Fish and Wildlife Enhancement Fund
	diture and Youth Facility Bond Fund of 1988	749 Refunding Escrow Fund
725	County Jail Capital Expenditure Fund, Bond Act of 1981	707 Safe Drinking Water Fund, California
707		793 Safe Drinking Water Fund of 1988, California
727	County Jail Capital Expenditure Fund, Bond Act of 1984	789 School Facilities June 1988 Bond Account,
788	Earthquake Safety and Housing Rehabilita-	State School Building Lease-Purchase Fund
	tion Bond Account, Housing Rehabilitation Loan Fund, California	776 School Facilities November 1988 Bond Account, State School Building Lease-Purchase Fund
768	Earthquake Safety and Public Building Rehabilitation Fund of 1990	774 School Facilities June 1990 Bond Account, State School Building Lease-Purchase Fund
748	Fish and Wildlife Habitat Enhancement Fund	708 School Facilities Bond Act, November 1990, State School Building Lease-Purchase Fund
755	Flood Control Bond Fund	745 School Facilities Bond Act, June 1992
710	Hazardous Substance Cleanup Fund	765 School Facilities Bond Act, November 1992
718	Health Science Facilities Construction Program Fund	719 School Finance Authority Fund, California
782	Higher Education Capital Outlay Bond Fund	<ul><li>729 Senior Center Bond Act Fund</li><li>715 SSC Development Fund</li></ul>
785	Higher Education Capital Outlay Bond Fund of 1988	<ul><li>742 Urban and Coastal Park Fund, State</li><li>790 Water Conservation Fund of 1988</li></ul>
791	Higher Education Capital Outlay Bond Fund, June 1990	744 Water Conservation and Water Quality Bond Fund of 1986
705	Higher Education Capital Outlay Bond Fund of 1992	786 Wildlife, Coastal and Park Land Conserva- tion Fund of 1988, California
842	Higher Education Capital Outlay Bond Fund of 1994 (Proposed)	787 Wildlife and Natural Areas Conservation Fund (subfund of 786)

### Schedule 1 GENERAL BUDGET SUMMARY a (In thousands)

1992–93 <sup>b</sup>	Reference to Schedule	General Fund	Special Funds	Budget Expenditure Totals	Selected Bond Fund Expenditures	Expenditure Totals Including Bonds
Prior year resources available	10 8 9	-\$2,287,081 40,946,452 40,948,276	\$1,538,788 11,580,023 11,652,020	\$52,600,296	\$3,879,863	\$56,480,159
Fund Balance f	7	-\$2,288,905	\$1,466,791			
Reserve for Proposition 98 (Unspent Appropriations and Settle Up) d Special Fund for Economic Uncertainties c Reserves for Economic Uncertainties c Reserve for Liquidation of Encumbrances c 18 month payoff of prior year deficit		149,494 2,831,298 - 392,899 2,800,000	- 1,466,791 - -			
1993–94						
Prior year resources available	8 9 10	\$511,095 39,743,265 -1,600,000 39,347,428 -\$693,068	\$1,466,791 12,456,364 - 12,972,231 \$950,924	\$52,319,659	\$2,092,599	\$54,412,258
Special Fund for Economic Uncertainties c. Reserves for Economic Uncertainties c		-1,085,967 - 392,899	950,924 -			
1994–95						
Prior year resources available	10 8	-\$693,068 41,128,631 -1,200,000	\$950,924 13,721,254			
Expenditures	9	38,788,054	13,759,693	\$52,547,747	\$2,806,000	\$55,353,747
Fund Balance f	10	\$447,509	\$912,485			
Special Fund for Economic Uncertainties c. Reserves for Economic Uncertainties c		54,610 - 392,899	912,485 -			

a The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9 and 10 due to rounding.
 b Due to lack of time for complete reconciliation to the State Controller's preliminary fiscal data for their annual report, the amounts reflected in the 1992–93 fiscal year do not agree with the data which will be included in the State Controller's Annual Report.
 c The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties provide sources of funds to meet State General Fund and Special Funds obligations in the event of a decline in revenues or an unanticipated increase in expenditures.
 d The Reserve for Proposition 98 represents the amounts which were not spent from appropriations available to meet the State's obligation to conform to Proposition 98.
 e The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which

obligation to conform to Proposition 98.

The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received. This Reserve treatment is consistent with accounting methodology recommended by Generally Accepted Accounting Principles (GAAP) and Chapter 1286, Statutes of 1984 (AB 3372) which requires the State to conform its fiscal management system to GAAP.

The Fund Balance for the General Fund includes amounts for unencumbered balances of continuing appropriations at the end of the 1002-02 1002-04 and 1004-05 feed water of \$170.064, \$242.022, and \$0.0706 (in the property) respectively.

1992-93, 1993-94 and 1994-95 fiscal years of \$179,964; \$48,083; and \$9,706 (in thousands) respectively.

### Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in two parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Schedule 2, in either part, does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

### Total State Spending Plan—Part A Governmental Cost, Selected Bond Funds and Federal Funds

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds which are commonly referred to as "governmental cost funds." This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget

totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

Funds	1992-93*	1993-94*	1994-95*
Governmental Cost Funds:			
General Fund.	\$40,948,276	\$39,347,428	\$38,788,054
Special Funds.	11,652,026	12,972,226	13,759,693
Totals, Governmental Cost Funds	\$52,600,302	\$52,319,654	\$52,547,747
	3,879,863	2,092,599	2,806,000
Totals, Governmental Cost Funds and Selected Bond Funds	\$56,480,165	\$54,412,253	\$55,353,747
	29,582,734	31,762,518	30,717,427
TOTALS	\$86,062,899	\$86,174,771	\$86,071,174

### Total State Spending Plan-Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees or other state revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

### PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are

largely from other State agencies or local governments.

It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

### WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are

duplicative of expenditures shown in the agencies.

### **BOND FUNDS**

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

### RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

### OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost

1000 02\*

1002 04\*

1004 05\*

Funds:	
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	1992-93*	1993-94*	1994-95*
Funds	Amount	Amount	Amount
PUBLIC SERVICE ENTERPRISE FUNDS			
Water Resources Development Bond Fund	\$245,438	\$288,059	\$294,029
Central Valley Water Project Const Fund	139,055	196,877	207,650
Central Valley Water Project Revenue Fund	180,330	425,440	440,796
Expo and State Fair Enterprise Fund, Cal	19,021	18,469	17,896
Compensation Insurance Fund	1,982,157	2,136,003	2,243,150
Employment Training Fund	181,511	75,388	70,324
Harbors and Watercraft Revolving Fund	13,425	24,133	56,820
Univ Continuing Education Revenue Ed, St	72,679	71.864	82,884
Univ Dormitory Revenue Fund	52,030	55,560	57,630
Unemployment Compensation Disability Fund	2,446,902	2,080,821	2,040,129
Veterans Farm & Home Building Fund 1943	363,043	368,490	347,980
Others	30,490	35,449	32,150
TOTALS, PUBLIC SERVICE ENTERPRISE FUNDS	\$5,726,081	\$5,776,553	\$5,891,438
WORKING CAPITAL AND REVOLVING FUNDS			
Architecture Revolving Fund	19,394	22,224	22,049
Health and Welfare Agency Data Cent Rev Fund	59,589	87,912	102,090
Mobilehome Manufactured Home Revolv Fund	9,311	10,900	I1,100
Public Buildings Construction Fund	562,359	886,116	487,893
Service Revolving Fund	332,427	357,191	367,125
Stephen P. Teale Data Center Rev Fund	76,736	75,067	77,695
Donated Food Revolving Fund	8,125	14,284	14,068
Others	-11,828	-19,078	-23,777
TOTALS, WORKING CAPITAL AND REVOLVING FUNDS	\$1,056,113	\$1,434,616	\$1,058,243
BOND FUNDS—OTHER	A 47 00=	***	***
School Building Aid Fund, State	\$41,987	\$35,073	\$30,618
RETIREMENT FUNDS			
Judges Retirement Fund	\$60,163	\$65,289	\$68,546
Public Employees' Retirement Fund	3,165,563	3,453,074	3,708,158
Teachers Retirement Fund	2,308,446	2,559,493	2,856,990
Others	5,265	5,559	5,558
TOTAL C DETIDEMENT ELINDS	05 500 407	ec 002 415	0C C20 OE0
TOTALS, RETIREMENT FUNDS	\$5,539,437	\$6,083,415	\$6,639,252
OTHER NONGOVERNMENTAL COST FUNDS			
Disaster Housing Rehabilitation Fund, CA	-\$7,593	\$18,868	\$1,146
Emerg Serv and Supplemental Payments Fund	177,634	128	103
Lottery Education Fund, Calif State	597,696	649.167	649,007
Flexelect Benefit Fund	10,518	11.025	11,582
Public Employees' Health Care Fund	325,656	343,706	360,920
Medi-Cal Inpatient Pymt Adjustment Fund	1,021,395	1,669,729	1,251,263
University Lottery Education Fund, Cal S	47.129	19,200	30,799
Co Medical Svcs Prog Acct, Co Hlth Svc F	85,880	87.051	106,646
School Employees Fund	74.988	68,264	32,217
Inmate Welfare Fund.	32,540	37,167	43,917
Forest Resources Improvement Fund	12,844	13,952	16,851
	119,185	141,500	141,500
Trial Court Trust Fund	14,462	91,607	59,605
Special Deposit Fund			
Guaranteed Loan Reserve Fund, State	83,030	44,938	42,032
Local Property Tax Revenues	7,487,032	10,127,051	9,473,448
Toll Bridge Funds, Consolidated	90,453	88,840	329,884

Various Other Unallocated NGC Funds	164 827,464 3,545,530 1,212,611 25,135	1,529 975,439 3,745,067 426,992 43,189	12,455 1,016,440 3,884,378 432,009 36,986
TOTALS, OTHER NONGOVERNMENTAL COST FUNDS	\$15,783,753	\$18,604,409	\$17,933,188
TOTALS, NONGOVERNMENTAL COST FUNDS	\$28,147,371	\$31,934,066	\$31,552,739
Total State Spending Plan—F Reimbursements	Part C		
Funds	1992–93* Amount	1993–94* Amount	1994–95* Amount
Reimbursements	\$2,635,746	\$3,496,667	\$5,203,327

<sup>\*</sup> Dollars in thousands

### IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Implementation of Chapter 1286, Statutes of 1984, requires the state to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the extent that the Department of Finance deems it to be in the best interest of the State.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs. The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators and other readers are consistent from year to year, as well as comparable between governmental entities. The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for activities and transactions of state and local governmental entities. The State of California currently is a dues-paying member of the GASB organization and provides input for the various issues being studied by GASB.

and provides input for the various issues being studied by GASB.

An effort is currently underway within the Department of Finance to ensure that the budget and financial statements of the state are more understandable and are presented in a fair and consistent manner through the application of Generally Accepted Accounting

The Department of Finance has taken the following actions to implement GAAP:

. A work group was established to review the changes required by GAAP and to establish priorities and task assignments.

2. In 1986-87, the Governor's Budget and Budget Act changed the classification of student fees in the California State University System to revenue rather than reimbursements.

3. In 1986-87, the Governor's Budget and Budget Act changed the classification of State Hospital Medical Care receipts to reimbursements rather than revenue.

4. In 1987-88, the Governor's Budget displayed the interest and redemption costs of general obligation bonds in the relevant program area for each bond.

The Financial and Performance Audits Unit (FPA) of the Department of Finance has done work on rewriting the sections of the State Administrative Manual covering proprietary funds to bring them into conformance with GAAP. The "Fund Manual" for California has been rewritten to bring it into conformance with GAAP. The 1989-90 Governor's Budget provided for the treatment of General Fund encumbrances as a reservation of fund balance rather

than expenditures. This treatment is consistent with the GAAP standard that encumbrances are obligations for which goods and services have not been received and which therefor should not be shown as expenditures.

The State's fiscal system is highly complex with many interrelationships between budgeting and accounting. Consequently, some of the changes in accounting that are necessary to conform to GAAP impact the budget system and/or the Governor's Budget presentations. These interrelationships will result in the GAAP changes being accomplished over a number of years.

The following two charts illustrate the effect of conversion to GAAP fund classifications:

Schedule 3B shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications.

Schedule 3B uses 1994-95 budget totals to show California's current fund structure compared to recommended GAAP classifications.

### SCHEDULE 3A TOTAL STATE SPENDING PLAN BY GAAP FUND CLASSIFICATION

(In Thousands)

()			
GAAP Fund Structure Governmental Funds	1992–93	1993-94	1994–95
General Fund	\$40,948,276	\$39,347,428	\$38,788,054
Special Revenue Funds	27,447,911	32,214,216	33,439,606
Capital Project Funds	3,240,118	1,390,574	2,355,519
Total Governmental Funds	\$71,636,305	\$72,952,218	\$74,583,179
Proprietary Funds			
Enterprise Funds Internal Service Funds	\$3,753,998	\$4,601,025	\$4,373,510
Internal Service Funds	493,204	536,987	566,209
Total Proprietary Funds	\$4,247,202	\$5,138,012	\$4,939,719
Fiduciary Funds			
Retirement Funds	\$5,539,313	\$6,083,348	\$6,639,185
Trust and Agency Funds—Other	8,954,876	9,232,081	8,518,774
Trust and Agency Funds—Federal	6,588,503	5,211,473	3,602,250
Total Fiduciary Funds	\$21,082,692	\$20,526,902	\$18,760,209
Funds Outside State Treasury			
Other	\$17,244,071	\$19,491,705	\$19,340,806
TOTAL OPENDING ALL DINING	0114 010 070	\$110 100 007	\$117,623,913
TOTAL SPENDING, ALL FUNDS	\$114,210,270	\$118,108,837	\$117,023,913

### **SCHEDULE 3B**

### COMPARISON OF CALIFORNIA CURRENT FUND STRUCTURE AND RECOMMENDED GAAP FUND STRUCTURE USING 1994-95 BUDGET TOTALS (In Thousands)

		Governmen	tal Funds		Propri Fun		Fiduciai	ry Funds		
CURRENT FUND STRUCTURE	General Fund	Special Revenue Funds	Capital Projects Funds	Total Govern- mental Funds	Enterprise Funds	Internal Service Funds	Retirement Funds	Trust and Agency Funds	Funds Outside State Treasury	Totals
Governmental Cost Funds										
General Fund	\$38,788,054	_	-	\$38,788,054	_	_	_	_	_	\$38,788,054
General Fund Special Accounts	-	\$877,457	-	877,457	\$48,028	\$17,783	-	\$19,362	-	962,630
Transportation Funds	-	3,533,107	-	3,533,107	-	-	-	3,259,948	_	6,793,055
Feeder Funds		-	-	-	-	-	-	27,023	-	27,023
Other Governmental Cost Funds		5,950,758	\$1,370	5,952,128				24,857		5,976,985
Total Governmental Cost Funds			\$1,370 2,322,804	\$49,150,746 2,322,804	-	\$17,783 -	-	\$3,331,190 485,476		\$52,547,747 2,806,000
Total Governmental Cost Funds and Selected Bond Funds Nongovernmental Cost Funds	\$38,788,054	\$10,361,322	\$2,324,174	\$51,473,550	\$48,028	\$17,783	-	\$3,816,666	-\$2,280	\$55,353,747
Public Service Enterprise Funds	_	_	\$3,375	\$3,375	\$3,777,610	_	_	\$2,110,453	_	\$5,891,438
Working Capital and Revolving Funds	_	\$11,100	22,049	33,149	501,961	\$548,426	_	-25,293	_	1,058,243
Bond Funds-Other	-	-	-	-	-	_	-	30,618	-	30,618
Trust and Agency Funds:										
Retirement Funds	-	-	-	_	_	-	\$6,639,185	67	-	\$6,639,252
Trust and Agency Funds-Federal	-	22,920,705	-	22,920,705	-	-	-	3,602,250	\$4,194,472	30,717,427
Trust and Agency Funds-Other		146,479	5,921	152,400	45,911	-	-	2,586,263	-	2,784,574
Other Nongovernmental Cost Funds									15,148,614	15,148,614
Total Nongovernmental Cost Funds		\$23,078,284	\$31,345	\$23,109,629	\$4,325,482	\$548,426	\$6,639,185	\$8,304,358	\$19,343,086	\$62,270,166
TOTAL SPENDING, ALL FUNDS	\$38,788,054	\$33,439,606	\$2,355,519	\$74,583,179	\$4,373,510	\$566,209	\$6,639,185	\$12,121,024	\$19,340,806	\$117,623,913

### SCHEDULE 4A PERSONNEL YEARS AND SALARY COST ESTIMATES

(Excludes Staff Benefits)

(dollars in thousands)

		Positions			Dollars	
Function	1992-93	1993-94	1994-95	1992–93	1993–94	1994-95
Legislative/Judicial/Executive						
Legislative	568.4	596.5	596.5	\$27,079	\$29,668	\$32,459
Judicial	923.0	1,003.2	1,026.7	59,391	61,542	67,399
Executive	9,585.8	10,292.6	10,424.0	368,777	415,638	447,641
State and Consumer Services	13,344.0	14,450.1	14,539.5	455,842	509,877	539,540
Business, Transportation and						
Housing	39,140.2	40,924.4	40,163.2	1,542,829	1,645,611	1,723,960
Trade and Commerce	163.8	217.7	228.7	6,944	9,475	10,584
Resources	13,189.5	14,078.2	14,142.8	522,924	567,470	595,201
California Environmental						
Protection	3,578.0	4,326.7	4,264.7	151,022	186,757	195,857
Health and Welfare	40,789.3	42,356.3	40,471.5	1,436,033	1,538,212	1,559,004
Youth and Adult Correctional	32,812.7	38,320.2	41,199.6	1,496,226	1,703,825	1,864,812
Education						
Education	2,269.7	2,606.8	2,590.5	86,424	99,160	103,211
Higher Education	91,634.0	85,977.6	85,009.4	3,641,763	3,544,994	3,536,148
General Government						
General Administration	12,940.9	13,577.0	13,891.2	470,922	542,501	584,074
Unallocated Salary Increase—						
Other	-	_	-	_	-	58,690
NET TOTALS, SALARIES						
AND WAGES	260,939.3	268,727.3	268,548.3	\$10,266,176	\$10,854,730	\$11,318,580
Position Classification						
Constitutional Officers	127.0	127.0	127.0	8,041	8,468	9,822
Statutory	260.7	287.5	287.5	24,757	27,646	16,697
Civil Service	167,471.7	180,687.3	181,511.8	6,498,901	7,167,927	7,583,062
Exempt						
Various Departments	2,161.0	2,448.3	2,443.8	119,817	136,028	147,479
Higher Education						
University of California	55,682.0	53,765.0	52,765.0	2,236,313	2,183,355	2,170,855
State University	35,010.2	31,190.1	31,190.1	1,366,810	1,319,943	1,320,277
Hastings College of the Law	226.7	222.1	223.1	11,537	11,363	11,698
Unallocated Salary Increase—						
Other	-	_	_	-	-	58,690
NET TOTALS, SALARIES						
AND WAGES	260,939.3	268,727.3	268,548.3	\$10,266,176	\$10,854,730	\$11,318,580

### SCHEDULE 4B

### POSITIONS AND SALARY COST ESTIMATES

(Excludes Staff Benefits)
(dollars in thousands)

		Positions			Dollars	
Function	1992–93	1993–94	1994–95	1992–93	1993–94	1994–95
Legislative/Judicial/Executive						
Legislative	568.4	597.5	597.5	\$27,079	\$30,250	\$33,041
Judicial	923.0	1,033.7	1,057.2	59,391	65,641	70,464
Executive	9,585.8	10,783.7	10,927.4	368,777	434,856	468,211
State and Consumer Services	13,344.0	15,084.9	15,183.2	455,842	531,642	564,618
Business, Transportation and						
Housing	39,140.2	42,953.4	42,167.2	1,542,829	1,747,046	1,843,444
Trade and Commerce	163.8	228.8	240.5	6,944	9,968	11,137
Resources	13,189.5	14,815.4	14,862.1	522,924	593,293	625,744
California Environmental						
Protection	3,578.0	4,560.6	4,546.8	151,022	198,063	209,835
Health and Welfare	40,789.3	44,798.2	43,203.1	1,436,033	1,632,167	1,657,084
Youth and Adult Correctional	32,812.7	39,948.5	43,163.5	1,496,226	1,778,767	1,957,215
Education						
Education	2,269.7	2,732.2	2,710.8	86,424	106,372	111,151
Higher Education	91,634.0	88,005.2	88,038.6	3,641,763	3,632,689	3,664,948
General Government						
General Administration	12,940.9	14,008.3	14,323.1	470,922	564,027	606,003
Unallocated Salary Increase—						
Other	-	-	-	_		58,690
TOTALS, SALARIES AND						
WAGES	260,939.3	279,550.4	281,021.0	\$10,266,176	\$11,324,781	\$11,881,585
Less Salary Savings	-	-10,823.1	<b>— 12,472.7</b>	-	470,051	-563,005
NET TOTALS, SALARIES						
AND WAGES	260,939.3	268,727.3	268,548.3	\$10,266,176	\$10,854,730	\$11,318,580

**SCHEDULE 5** SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

			Employees	Personal	Rev General	епие	Expen General	ditures	-	tures per pita	\$1 of Per	tures per 100 rsonal ome
	Population 1		Per 1,000	Income	Fund	Total	Fund <sup>2</sup>	Total 3	General	pita	General	····
Year	(Thousands)	Employees	Population	(Billions)	(Millions)	(Millions)	(Millions)	(Millions)	Fund <sup>2</sup>	Total 3	Fund <sup>2</sup>	Total 3
1950–51	10,643	61,000	5.7	\$19.8	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.96	\$5.08
1951-52	11,130	63,860	5.7	22.8	734	1,086	635	1,068	57.05	95.96	2.79	4.68
1952-53	11,638	65,720	5.6	25.4	774	1,151	714	1,177	61.35	101.13	2.81	4.63
1953-54	12,101	69,928	5.8	27.2	798	1,271	809	1,381	66.85	114.12	2.97	5.08
1954–55	12,517	74,099	5.9	28.1	879	1,434	852	1,422	68.07	113.61	3.03	5.06
1955–56	13,004	77,676	6.0	30.9	1,005	1,578	923	1,533	70.98	117.89	2.99	4.96
1956-57	13,581	88,299	6.5	33.8	1,079	1,834	1,030	1,732	75.84	127.53	3.05	5.12
1957-58	14,177	98,015	6.9	36.4	1,111	1,751	1,147	1,891	80.91	133.39	3.15	5.20
1958-59	14,741	101,982	6.9	38.1	1,210	1,925	1,246	1,932	84.53	131.06	3.27	5.07
1959–60	15,288	108,423	7.1	41.8	1,491	2,198	1,435	2,086	93.86	136.45	3.43	4.99
1960–61	15,863	115,737	7.3	44.2	1,598	2,338	1,678	2,525	105.78	159.18	3.80	5.71
1961-62	16,412	122,339	7.5	46.9	1,728	2,451	1,697	2,406	103.40	146.60	3.62	5.13
1962-63	16,951	128,981	7.6	50.6	1,866	2,668	1,881	2,703	110.97	159.46	3.72	5.34
1963-64	17,530	134,721	7.7	54.2	2,137	3,057	2,064	3,182	117.74	181.52	3.81	5.88
1964–65	18,026	143,896	8.0	58.8	2,245	3,295	2,345	3,652	130.09	202.60	3.99	6.22
1965–66	18,464	151,199	8.2	62.9	2,509	3,581	2,580	4,059	139.73	219.83	4.10	6.45
196667	18,831	158,404	8.4	68.4	2,895	4,073	3,017	4,659	160.21	247.41	4.41	6.81
1967-68	19,175	162,677	8.5	73.8	3,682	4,927	3,273	5,014	170.69	261.49	4.43	6.79
1968-69	19,432	171,655	8.8	80.9	4,136	5,450	3,909	5,673	201.16	291.94	4.83	7.01
1969–70	19,745	179,583	9.1	88.5	4,330	5,743	4,456	6,302	225.68	319.17	5.04	7.12
1970–71	20,039	181,581	9.1	94.9	4,534	5,919	4,854	6,556	242.23	327.16	5.11	6.91
1971–72	20,346	181,912	8.9	100.8	5,395	6,897	5,027	6,684	247.08	328.52	4.99	6.63
1972-73	20,585	188,460	9.2	110.2	5,780	7,366	5,616	7,422	272.82	360.55	5.10	6.74
1973-74	20,869	192,918	9.2	121.6	6,978	8,715	7,299	9,311	349.75	446.16	6.00	7.66
1974–75	21,174	203,548	9.6	136.0	8,630	10,405	8,349	10,276	394.30	485.31	6.14	7.56
1975–76	21,538	206,361	9.6	149.3	9,639	11,567	9,518	11,452	441.92	531.71	6.37	7.67
1976-77	21,936	213,795	9.7	167.4	11,381	13,463	10,467	12,632	477.16	575.86	6.25	7.55
1977-78	22,352	221,251	9.9	186.4	13,695	15,962	11,686	14,003	522.82	626.48	6.27	7.51
1978-79	22,836	218,530	9.6	213.9	15,219	17,711	16,251	18,745	711.64	820.85	7.60	8.76
1979–80	23,257	220,193	9.5	244.7	17,985	20,919	18,534	21,488	796.92	923.94	7.57	8.78
1980–81	23,782	225,567	9.5	278.0	19,023	22,104	21,105	24,511	887.44	1,030.65	7.59	8.82
1981-82	24,278	228,813	9.4	311.7	20,960	23,601	21,693	25,022	893.53	1,030.65	6.96	8.03
1982-83	24,805	228,489	9.2	332.8	21,233	24,291	21,751	25,330	876.88	1,021.17	6.54	7.61
1983-84	25,336	226,695	8.9	358.1	23,809	27,626	22,869	26,797	902.63	1,057.66	6.39	7.48
1984–85	25,816	229,845	8.9	397.3	26,536	31,570	25,722	30,961	996.36	1,199.30	6.47	7.79
1985–86	26,402	229,641	8.7	431.4	28,072	33,558	28,841	34,977	1,092.38	1,324.79	6.69	8.11
1986-87	27,052	232,927	8.6	463.4	32,519	37,767	31,469	38,079	1,163.28	1,407.62	6.79	8.22
1987-88	27,717	237,761	8.6	496.5	32,534	38,773	33,021	40,452	1,191.36	1,459.47	6.65	8.15
1988-89	28,393	248,173	8.7	533.6	36,953	43,322	35,897	44,634	1,264.29	1,572.01	6.73	8.36
1989–90	29,142	254,589	8.7	574.6	38,750	46,453	39,456	48,594	1,353.92	1,667.49	6.87	8.46
1990–91	29,976	260,622	8.7	619.4	38,214	47,024	40,264	51,446	1,343.21	1,716.24	6.50	8.31
1991-92	30,646	261,713	8.5	631.7	42,026	53,117	43,327	56,280	1,413.79	1,836.46	6.86	8.91
1992-93	31,300	260,939	8.3	656.6	40,249	52,421	40,948	56,480	1,308.24	1,804.47	6.24	8.60
1993–94	31,867	268,727	8.4	662.4	39,179	52,050	39,347	54,412	1,234.73	1,707.47	5.94	8.21
1994–95	32,428	268,548	8.3	689.0	39,290	53,085	38,788	55,354	1,196.13	1,706.98	5.63	8.03

Population as of July 1, the beginning of the fiscal year.

Includes Special Accounts in General Fund from 1973–74 to 1976–77.

Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963–64.

### Schedule 6 GENERAL FUND ANALYSIS OF CHANGE IN RESERVES AS OF JUNE 30, 1994 FROM THE PREVIOUS GOVERNOR'S BUDGET (In Thousands)

	1993–94	1994-95	
	Governor's Budget	Governor's Budget	Effect of Changes
	(previous	(revised	On
DETAIL OF CHANGES	estimate)	estimate)	Reserves
1992–93 Fiscal Year			
(From previous Governor's Budget to the current Governor's Budget)			
Prior year resources available	-\$2,220,102	-\$2,287,081	-\$66,979
Revenues	40,146,253 795,375	40,248,993 697,459	102,740 — 97,916
Totals, Revenues and Transfers	\$40,941,628	\$40,946,452	\$4,824
State Operations	9,815,551	9,602,595	212,956
Local Assistance	31,006,320	31,328,220	-321,900
Unclassified		17,461_	<u> </u>
Totals, Expenditures	\$40,821,871	\$40,948,276	-\$126,405
18 month payoff of prior year deficit	-	2,800,000	2,800,000
1993–94 Fiscal Year			
(From previous Governor's Budget to the current Governor's Budget)			
Revenues and Transfers:	20 502 204	20 170 (07	224 507
Revenues Transfers and Loans	39,503,284 371,286	39,178,687 564,578	-324,597 193,292
Totals, Revenues and Transfers	\$39,874,570	\$39,743,265	-\$131,305
Loan Repayments		-1,600,000	-1,600,000
	_	-1,000,000	- 1,000,000
Expenditures:	10 147 500	10.216.242	1 (0 711
State Operations	10,147,528 354	10,316,242	-168,714 354
Capital Outlay  Local Assistance	27,185,156	29,031,186	- 1,846,030
Totals, Expenditures	\$37,333,038	\$39,347,428	<del>-\$2,014,390</del>
Total Effect of Changes on Reserves			-1,134,255
Total Effect of Changes on Reserves	_	_	- 1,134,233
TOTAL CHANGES			
Changes in Reserves:	20.020	4.00=.0<=	4.446.55
Special Fund for Economic Uncertainties	30,828	- 1,085,967	-1,116,795
Reserve for Proposition 98	410,359	392,899	-17,460
		<del></del>	<del>-17,460</del> <del>-\$1,134,255</del>
Total Fund Balance, June 30, 1994	\$441,187	- \$093,008	-\$1,134,233

## Schedule 7 GENERAL FUND

## (in thousands) STATEMENT OF FINANCIAL CONDITION

June 30, 1993

Due from other funds       5,092,065         Due from other governments       29,045         Advances to other funds       2,850         Prepaid expenses       22,794
Other assets
LONG-TERM OBLIGATIONS General obligation bonds \$17,640,376
<sup>1</sup> The total fund balance of -\$2,410,905 shown in this Statement of Financial Condition prepared by the State Controller differs from the Fund Balance of -\$2,288,905 shown in the Schedule 1 (General Budget Summary) because of an adjustment identified after the issuance of the State Controller's Preliminary Annual Report. The adjustment is summarized in the following table.

-\$2,288,905

Adjusted Fund Balance per Schedule 1.....

# Schedule 8 COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95

(dollars in thousands)

	Total	143,900 133,300 5,120,300 650,500 109,533 496,000 1,205,000 37,364 3,048,600 2,354,802 319,694 1,565,030 18,586,800 1,449,600 14,380,000	49,600,423		1,500	32,338	59,780	63,354 271,071 —	1,108,658	1,716,615	27,600 92,274 51,407	171,281	24,491 56,900 67,429 31,484 516,816 32,980
Estimated 1994-95	Special funds	5,300 479,800 39,107 14,364 3,048,600 2,354,802 319,694 1,565,030 1,800 1,449,600	10,896,097		1,500	32,338	59,780	63,354 229,516 —	1,043,353	1,600,710	27,600 92,274 42,219	162,093	56,900 67,429 ————————————————————————————————————
	General Fund	143,900 133,300 5,115,000 170,700 70,426 496,000 1,205,000 23,000 1,205,000 1,205,000 1,205,000 1,205,000 1,205,000 1,205,000	38,704,326		11	1-1	9,045	41,555	65,305	115,905	-   881.6	9,188	24,491 
	Total	143,100 135,900 4,800,300 665,036 113,682 468,000 1,219,000 34,274 3,025,100 2,295,132 300,455 1,530,800 17,536,800	48,326,533		1,618	34,201	44,916	61,402 262,459 —	1,063,336	1,631,703	316,856 27,600 89,949 49,096	483,501	25,491 56,900 66,738 31,484 516,816 33,742
Estimated 1993-94	Special funds	35,300 485,736 39,333 12,274 3,025,100 2,295,132 300,455 1,530,430 1,800 1,800	10,036,884		1,618	34,201	44,916	61,402 219,742 —	996,724	1,514,275	27,600 89,949 40,659	158,208	56,900 66,738 516,816 33,742
	General Fund	143.100 135,900 4,765,000 179,300 74,349 468,000 1,219,000 22,000 1,7535,000 13,748,000	38,289,649		11	1 1	8,099	42,717	66,612	117,428	316,856	325,293	25,491
	Total	148,667 143,440 4,777,319 691,281 114,038 466,346 1,188,181 34,964 2,927,767 2,178,309 2,89,970 1,494,727 17,233,571 17,233,571	48,300,396		1,849	35,546	39,284 59,874	60,987 259,655 760	1,231,426	1,807,657	343,064 40,221 109,279 42,045	534,609	27,641 50,040 69,975 37,739 502,884 33,452
Actual 1992-93	Special funds	2,927,767 2,178,309 2,927,767 2,178,309 2,9970 1,494,727 1,641	9,086,248		1,849	35,546	39,284	60,987 207,831 —	1,170,541	1,685,571	40,221 109,279 35,581	185,081	50,040 69,975 - 502,884 33,452
	General Fund	148,667 143,440 4,724,051 173,316 75,068 466,446 1,188,181 20,954 20,954 17,231,930	39,214,148		11		8,617	51,824	60,885	122,086	343,064	349,528	27,641 — 37,739
	Sources MAJOR TAXES AND LICENSES	Excise Tax on Beer and Wine  Excise Tax on Distilled Spirits  Bank and Corporation (Income Taxes)  Cigarette Tax  Horse Racing Revenues  Inheritance Tax  Insurance Gross Premiums Tax  Trailer Coach License (In-Lieu Fees)  Motor Vehicle Fuel Tax (Gasoline)  Motor Vehicle Fuel Tax (Disest)  Motor Vehicle Fuel Tax (Disest)  Motor Vehicle Fuel Tax (Basoline)  Motor Vehicle Fuel Tax (Basoline)  Retail Sales and Use Tax-Realignment  Retail Sales and Use Taxes	TOTALS, MAJOR TAXES AND LICENSES	MINOR REVENUES	REGULATORY TAXES AND LICENSES General Fish and Game Taxes	Quarterly Public Util Commission Fees	Genetic Disease Testing Fees	General Fish and Game Lic Tags Permits	Other	TOTALS	REVENUE FROM LOCAL AGENCIES Trial Court Revenues	TOTALS	SERVICES TO THE PUBLIC Pay Patients Board Charges

Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

(dollars in thousands)

		Actual 1992-93			Estimated 1993-94			Estimated 1994-95	
Saurces	General Fund	Special funds	Tatal	General Fund	Special funds	Tatal	General Fund	Special funds	Tatal
Other	17,366	89,492	106,858	14,124	94,886	010,010	14,334	680'001	114,423
TOTALS	82,746	745,843	828,589	71,099	769,082	840,181	70,309	774,214	844,523
USE OF PROPERTY AND MONEY									
Income From Pooled Money Investments	138,642	1,406	140,048	131,000	975	131,975	135,000	585	135,585
Income From Surplus Money Investments	89,350	81,675	171,025	20,000	55,113	105,113	20,000	45,963	95,963
Cit & Cas I age 10, Devenue City/County	140	21,318	21,318	۱ ج	755,17	21,552	18	765,12	21,552
Rentals of State Property	7 153	33 995	41 148	962 9	13 105	39 791	90	17072	06 700
State I and Royalties	12 420	74 224	86 644	18 176	11 869	30.045	20 075	94,0/4	79.075
Other	11,068	33,200	44.268	11,508	33,553	45,061	11,560	32,960	44,520
TOTALS	258.782	245.818	504 600	217.200	156 457	373 657	233 271	135 134	368 405
	0	200	200,100		100,100	500	17(00-	100,101	000,
MISCELLANEOUS									
Penalties & Interest on UI & DI Contrib	I	58,328	58,328	I	57,016	57,016	I	868'65	868'65
Sale of Fixed Assets	1,675	43	1,718	1,233	25	1,258	964	25	686
Revenue-Abandoned Property	195,556	1	195,556	118,000	I	118,000	118,000	1	118,000
Miscellaneous Revenue	1,965	74,202	76,167	2,215	74,067	76,282	2,038	77.974	80,012
Penalties & Intrst on Personal Income Tx	I	8,652	8,652	1 :	8,600	8,600	1	000'6	000'6
Other Revenue - Cost Recoveries	5	5,649	5,649	15,000	13,871	28,871	15,000	11,561	26,561
Uninsured Motorist Fees	1,560	I	1,560	-	I	1.	1 .	I	Ι.
Farking Violations	1 227	1 9	1 200	1 200	1 00 00	1 0000	1 000 001	1 8	- 6
Other	5,724	15 500	70,041	696,51	12 954	65,653 18 954	5.876	36,086	16.558
	17710	0000	17, 101	0000	12,23	16,27	2,640	10,132	00001
TOTALS	221,703	223,293	444,996	158,018	236,817	394,835	157,398	225,876	383,274
TOTALS, MINOR REVENUES	1,034,845	3,085,606	4,120,451	889,038	2,834,839	3,723,877	586,071	2,898,027	3,484,098
TOTALS, REVENUES	40,248,993	12,171,854	52,420,847	39,178,687	12,871,723	52,050,410	39,290,397	13,794,124	53,084,521
TRANSFERS & LOANS									
General Fund	-4.520	3.603	-917	-64 898	63 935	-963	-963	ı	-063
Property Acquisition Law Money A	15	-15	[ ]		-	<u> </u>	§ 1	1	3 1
Motor Vehicle Parking Facil Mone	17	-17	1	1	ı	1	I	I	ı
Access for Handicapped Account	171	-171	I	I	I	I	1	ı	I
Hazardous Materials Enforce Trai	<b>-</b> ;	<b>⊤</b> ;	I	7	-5	I	1	1	I
Anomey General Antitrust Accou	631	-631	I	819	-618	I	009	009-	I
Hazardone Waste Control Account	l §	1 9	I	9/	0/-	I	I	I	l
Fingerment Rees Account	065,1	0.51.	I	5	5	I	I	I	I
Emergency Telephone Number Acct	6 497	-6.492	1	15,000	000 31	I	l	I	I
Farm Labor Contractors Special A	7	7040		304	-304				1
Motor Vehicle Insurance Account,	15	-15	I	; I	ξ I	I	I	J	. 1
Nuclear Planning Assessment Spec	01	-10	1	I	I	1	1	ı	I
Energy Conservation Assistance A	5.097	-5,097	1	2,640	-2,640	1	1	ı	1
Surface Mining and Reclamation A	259	-259	I	1,519	-1,519	1	I	I	ı
Special Account for Capital Outl	18	81-	I	I	1	I	I	ı	1

## Schedule 8

# COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued (dollars in thousands)

	Total	1	1			1	1						1				1	1	1	1		1		1	1		1		1	1	1	1	1	1			l		I		1			1		1	1			
Estimated 1994-95	Special funds	1	1	1	I	ı	ı		l	I	I	I	I	I			-7,001	-4,000	1	I	1	1	I	I	I	1	l	1 1	ı	1	ı	43	1	1	1	1	l		ı	į	1	1	1	-5,300	ı	1		-23,466	-1 395	1
	General Fund	1	I	I	1	1	1	١	I	I	I	1	I	I			7,001	4,000	I	I	1	1	I	l	I	1	l		l	1	ı	43	ı	I	1	I	I		1	1	I	1	1	5,300	ı	I	73 466	73,460	1 395	a contra
	Total	1	1		1	I	1	l	I			l	l	.			1	l	1		1		l		l	1	l		1	ı	I	I		I	]	l	1		I	I	I	1	1	1	l	1	l	1		
Estimated 1993-94	Special funds	-500	-32,000	-30,000	-100	-100,500	-974	-636	1 2	97-	-1,/50	081-	5/5-	670-	76-	× 85	-8,261	I	991-	Ξ-	1 ;	-635	47.7	2,000	7-	1 53	-657	-320	. 004	-268	-59	43	1	-965	1 ;	-350	-200	-530	-285	-12	-322	-110	-	-35,300	I	I		-9,782	-1 396	4,000
	General Fund	200	35,000	30,000	901	100,500	974	636	}	97	06/°I	081	2/2	679	76	× 80	8,261	I	166	=	1 3	635	47	2,000	7	1 53	330	320	400	268	59	43	1	965	1 5	350	700	530	285	12	322	110	-	35,300	I	l	-0.787	9,182	1 396	
	Total	I	ı	1	1	I	1	l	I	I		1	l	1		I	1	l	1	I	1	1	l	l	l	I			I	1	1	1	1	I	l	l	I		1	1	I	1	1	1	I	I	l			
Actual 1992-93	Special funds	-2,935	-64,606	-66,872	1	-6,340	-1,183	691-	969'97-	07-	055-	136,5-	-98/	× 0		-3.739	-11,855	1	-207	1:	6	-930	422	-2,955	۶ ۲	4/7- CEL	-132	ئ. د.	-683	-340	4	-22	£,	-1,135	£- 3	-2,398	-6,120	-542	-147	1	-1,545	-221	7	-51,845	0/5-	-351	2.018	-3,018	-728	
3	General Fund	2,935	64,606	66,872	1	6,340	1,183	691	20,02	07 20	050	3,561	/99	<u>∞</u> o	`	3.739	11,855	l	207	1	49	930	422	2,955	8 174	737	75.1	, c	683	340	4	22	3	1,135	. 3	2,398	0,120	542	147	1	1,545	221	-	51,845	0/0	351	2.018	3,018	728	
	Sources	Aeronautics Account STF	Highway Account, State, STF	Motor Vehicle Account, STF	Bicycle Lane Account, STF	Transport Planning & Develop Acc	Local Airport Loan Account	New Motor Vehicle Board Account	Seismic Safety Ketrofilt Account,	Hazardous Spill Frevention Acct,	Motor Venicle Fuel Account, I I F	Do-their of the contract of th	barbering/Cosmetology Conting Fd	Occupational Lead Folsoning Frey	Industrial Medicine Fund	Childhood Lead Poisoning Prevent	Alcohol Beverage Control Fund	Cal-OSHA Targeted Inspection & C	Used Oil Recycling Fund, Califor	St Fire Marshal Licensing & Cert	Oil Refinery & Chem Plant Safety	Pesticide Regulation Fund, Dept	Acupuncturists Fund	Agriculture Acct, Au Fund	Austioneer Commission Eural	Air Pollution Control Fund	Alcoholic Beverage Control Annea	Animal Health Technician Exam Co	Hospital Building Fund	Rural Economic Development Fund	Agricultural Export Promotion Ac	Water Device Certification Speci	AWOL Abatement Program Fund	Beverage Container Recycling Fun	AIDS Vaccine Research Develop Gr	Danking Fund, State	Drinking Driver Program I icensin	Environmental License Plate Fund	Soil Conservation Fund	Dept of Justice Sexual Habitual	Health Data & Planning Fund, CA	Water Fund, California	Commerce Marketing Fund	Unitary Fund, Califomia	Collection A series Fund	Confection Agency Fund	Outer Cont Shelf I and Act Sec 8n	Certification Acet Consumer Aff	Delinquent Tax Collection Fund	

# Schedule 8 COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

(dollars in thousands)

		Actual 1992-93			Estimated 1993-94			Estimated 1994-95	
Sources	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Structural Pest Control Research	17	-17	ı	13	-13	1	1	ı	1
Debt Limit Allocation Committee	51	-51	1	999	-566	1	740	-740	ı
Corrections Training Fund	1,382	-1,382	1	1	1	ı	ı	- 1	1
Debt Advisement Fund, California	281	-281	1	48	48	1	1	1	1
Competitive Technology Fund	6,065	-6,065	1	346	-346	1	1	J	J
Dispensing Opticians Fund	34	-34	1	4	-14	1	1	1	1
Delta Flood Protection Fund	1,306	-1,306	1	1,672	-1,672	1	1	ı	1
Food Safety Fund	264	-264	1	9	OI-	1	ļ	ı	1
Driver Training Penalty Assessme	36,371	-36,371	I	39,283	-39,283	1	1	ı	1
Environmental Laboratory Improve	810	-810	1	22	-22	1	1	1	1
Registered Nurse Education Fund	æ	\$	1	175	-175	1	1	1	1
Electromagnetic Field Study Fd,H	174	-174	1	1	1	1	1	J	1
Environmnt Enhanc & Mitigat Demo	1	1	1	300	-300	1	1	1	ı
Employment Developmnt Dept Benef	1,178	-1,178	1	4,000	4,000	1	1	1	1
Employment Development Contingen	47,236	-47,236	1	29,589	-29,589	1	29.259	-29.259	ı
Energy and Resource Fund	101	-701	1	228	-228	1	318	-318	١
Fair and Exposition Fund	6,492	-6,492	1	604	409-	1	246	-246	1
Satellite Wagering Account	1,052	-1,052	1	326	-326	1	1	1	1
Waste Discharge Permit Fund	1.689	-1.689	1	9.533	-9.533	1	ı	١	ļ
Asset Forfeiture Distribution Fu	2,015	-2,015	1	2.552	-2.552	ı	ı	I	١
Fire and Arson Training Fund, Ca	57	-57	J	25	-25	1	1	1	ı
Fireworks Licensing Fund, Califo	70	-70	1	1	1	1	1	1	ı
Fisherics Restoration Account	12	-12	1	1	1	1	J	1	ı
Genetic Disease Testing Fund	866	-599	į	449	449	1	1	1	1
Geology and Geophysics Fund	500	-509	1	5	s.	1	1	1	1
Hearing Aid Dispensers Fund	7	7-	1	7	<i>L</i> -	1	1	1	1
Hazardous Liquid Pipeline Safety	68	68-	1	140	-140	1	1	1	1
Waterfowl Habitat Preservation A	134	-134	1	130	-130	1	1	1	1
Industrial Development Fund	182	-182	1	2,500	-2,500	1	481	-481	1
Industrial Rel Construction Enfo	1	ł	1	20	-50	1	1	1	I
Insurance Fund	13,771	-13,771	1	415	415	1	415	-415	1
Workers' Comp Administration Rev	457	457	1	290	-290	1	1	1	ı
Food Safety Account, Agriculture	284	-284	1	86	86-	1	1	1	1
Environmetal Protection Trust Fu	188	88-	1	112	-112	I	1	1	1
Tire Recycling Management Fund,	291	-291	1	2,766	-2,766	I	1	ļ	1
Dusings East Engl Seem of St.	34	\$£.	1	01 0	-10	1	1 5	1 9	1
Dry Cleaning Find	4,009	4,009	1 1	116,6	1.6.6-	I	3,408	-3,408	l
Local Apency Deposit Fund	35	35.		•	<i>†</i>		1	I	
Loc Pub Prosecutors & Pub Defend	103	-103	١	13	=				l
Methadone Program Licensing Trus	\$9	\$9	ł	5 4	5-				
Environmental Water Fund	13	-13	1	366	-366	1	ı	de	
Mobilehome Park Revolving Fund	106	-106	1	1	1	1	1	1	1
Emrgncy Svcs Disast Adm Supprt A	47	47	1	1	1	1	1	1	1
Publ Fac & Loc Agncy Disastr Res	2,368	-2,368	1	1	J	1	1	1	
Street and Highway Account-NDA F	656	-956	1	1	ı	ļ	1	J	1
Nursing Home Admin St Lic Exam B	78	-28	1	7	1-	1	1	1	1
Off Highway Vehicle Fund	1,544	-1,544	1	4,634	-4,634		1	1	I
Osteopathic Medical Bd of Calif	-	<del>-</del>	1	1	1	1	1	ı	1
Conservation & Enforcement Svs A	4 5	-114	1	901	001-	1	1	1	1
Wetlands Conservation Fd, Wildli	36	-36	1	30	-30	1	1	1	1
Exposition Park Improvement Fund	252	-252	Ι	1	1	1	I	1	-

# Schedule 8

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued (dollars in thousands)

		Actual 1992-93		0	Estimated 1993-94			Estimated 1994-95	
Sources	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Peace Officers Training Fund	367	-367	ı	2,495	-2,495		ı	ı	1
Glass Processing Fee Account	178	-178	1	150	-150	I	I	1	1
Residential Care Facility for El	20	-50	1	20	-50	I	20	-50	1
Physicians Assistant Fund	464	464	I	33	-33	1	I	I	1
Recycling Market Development Rev	249	-249	I	647	-647	1	I	ı	1
Bay Protection and Toxic Cleanup	544	-544	1	198	-198	1	I	1	1
Residential Earthquake Recovery	4,332	-4,332	1	1	I	I	I	I	1
Pilot Commissioners Fund	200	-200	I	24	-24	I	1	ı	1
Podiatry Fund	20	-20	I	13	-13			I	1
Professional Forester Registrati	20	-20	I	5	s.	1	I	1	1
Large Water Systems Account	127	-127	I	1	I	1	I	1	1
Asbestos Consultant Certificatio	∞	<b>%</b> -	1	30	-30	1	1	1	1
Private Postsecond & Vocation Ed	152	-152	l	009	009-	1	I	I	1
Psychology Fund	237	-237	1	12	-12	1	J	1	I
Traumatic Brain Injury Fund	20	-50	1	1	1	1	1	ı	1
Emergency Medical Services Perso	22	-22	I	459	-459	ı	I	ı	1
Major Risk Insurance Fund	1	1	I	1	-3,366	-3,366	I	ı	1
Diesel Emission Reduction Fund	I	ı	I	1,100	-1,100	1	ı	1	1
Real Estate Fund	3,762	-3,762	I	199	199-	I	I	I	I
Respiratory Care Fund	34	-34	]	33	-33	1	ı	1	1
Oil Spill Prevention & Administr	2,378	-2,378	l	595	-595	I	ı	ı	1
Oil Spill Response Trust Fund	2,296	-2,296	I	2,357	-2,357	I	ı	1	1
Electronic and Appliance Repair	282	-282	I	I	I	I	I	ı	ı
Athletic Commission Fund	∞	φ	]	-	-	1	784	-784	ı
Pub Sch Ping Desgn & Constr Rev	1,415	-1,415	I	255	-255	I	ı	1	I
Reg Environmental Health Special	249	-249	1	15	-15	1	I	ı	1
Mine Reclamation Account	108	-108	I	18	-18	]	I	ı	ı
Savings Association Spec Regulat	2,543	-2,543	I	34	-34	I	ı	1	ı
Seismic Hazard Identification Fu	194	-194	]	I	I	I	1	ı	1
School Building Lease-Purchase F	25,345	-25,345	I	1	I	I	ı	ı	I
School Land Bank Fund	362	-362	1	320	-320	I	I	I	I
Disaster Relief Fund	72,114	-72,114	I	78,099	-78,099	1	1	1	1
Speech Pathology & Audio Exam Co	351	-351	1	01	-10	1	ı	ı	I
Dental Auxiliary Fund, State	564	-264	I	42	42	1	ı	ı	I
Integrated Waste Management Acct	1,193	-1,193	I	909	-605	]	I	1	1
Parks and Rec Acct, St. Parks &	2,170	-2,170	I	495	-495	1	I	I	I
Fines & Forfeitures Acct, Parks	25	-25	I	10	٩-	I	I	ı	1
Self-Insurance Plans Fund	410	410	1	1	1	1	I	I	I
State Police Fund, California	1 ;	Ιţ	I	242	-242	I	I	ı	I
Strong Motion Instrumentation Sp	042 3	-642	I	65	-65	I	ı	ı	I
Surctural rest Chiri EducæEnior	/8	/8-		2	\$	1	l	I	I
Tan D	£ :	C#4.	I	238	-238	I	ı	I	1
Tank or Code with First	173	-1/3	I	701	-102	I	I	I	I
Test Development and Admin Acct	525	577-	]	200	-200	I	I	I	I
Transcript Daimburgament Eund	151 5	151-	l	711	-112	I	I	ı	I
Transportation Rate Fund	71	71-	l	140	- 92	I	I	I	I
Vehicle Inspection and Densir En	7900	1000	1	144 100 0	-149	l	I	1	
Victim Witness Assistance Eund	7,787	187'6-	I	8,021	-8,021	ı	ı	ı	I
Air Toxics Inventory and Assessm	13/	151- 505	I	40 0	60-	I	I	I	I
Solid Waste Dien Site Claus & Ma	300	2000-	l	v 5	φ, ξ	l	I	I	I
Julia Waste Disp Site Cillup & Ma	13,123	-13,123	I	07	07-		I	I	
Cildel glouid Storage Lank Tester	7	7-	l	1	I	I	I	I	I

COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 8

		Actual 1992-93			Estimated 1993-94			Estimated 1994-95	
Sources	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Underground Storage Tank Cleanup	5.226	-5.226	1	2.000	-5.000	1	I	ı	ļ
Petro Undergrad Storage Tank Fin	12	-12	١	6	<b>o</b> -	١	1	1	!
Wildlife Restoration Fund	25.5	75.	١	787	787-				1 ;
Seismic Gas Valve Cert Ree Acct	×	) ×	ı	<u> </u>				l	1
Manifordinad Home I issues Dee Ac	0 474	0 474		30001	360.01		030.51	90 61	l
Manufactured notific Livelise Fee Ac	+/+'0	+/+'0-	I	10,030	1,020	l	12,009	-12,009	1
Elevator Safety Account	80.	90-	1	676,1	676'1-	l	l	1	l
Pressure Vessel Account	102	-102	1	7007	-200	l	I	l	l
Hazardous Substance Subaccount	499	666	I	8	!	1	1 9	1 3	I
Mortgage Bd & 1ax Credit Alloc F	586	687-	1	2/2	-57	l	10,329	-10,329	l
Dealers' Record of Sale Acct	307	-307	1	1,547	-1,547	l	l	1	1
Public Util Comm Transport Reimb	1	1	I	61	61-	l	1	1	ı
Publ Utilities Comm Utilities Re	1	1	1	16,030	-16,030	1	1	1	ı
Energy Resources Programs Accoun	17,511	-17,511	1	10,254	-10,254	1	1	1	1
Narc Assist & Relinquish Crim Of	65	-65	1	1	1	1	1	ı	1
Special Financing Account	156	-156	1	1	1	1	ı	1	1
Underground Storage Tank Fund	145	-145	1	2.415	-2.415	l	ı	ı	ı
Gaming Registration Fee Account	55	-55-	1	50	-20	1	١	ı	1
Energy Tech Research, Dev. & Dem	7	-7	١	2	9	١			
Garment Manufacturers Special Ac	٠	٠ ا	ı	07.0	270			l	l
Curfoce Immoundment Acceptment A	9	90		700	001		l	I	l
Dezardoni Cuber Clear A co. COO II	30.2	302-	l	307 5	90/-	I	2	1 000	l
A The Distriction of the Land	1,123	(7),1-	l	27,1	67/,1-	I	1,125	-1,12	I
Armory Discretionary Improvement	۱ ۶	1 8	l	<u> </u>	<u> </u>	I	I	1	I
Ellietgelicy Clean water Grant Fund	675	678-	ł	1 3	1 ;	I	1 }	l	l
Financial Responsibility Penalty	4,188	4,188	l	4,200	4,200	l	4,300	4,300	-
Boxer's Neurological Examination	<u>*</u>	<u>~</u>	1	-	<del>-</del>	l	1	1	I
Local Govt Geothermal Resource S	4,053	-4,053	1	2,005	-2,005	I	1	1	1
Water Resources Development Bond	1	22,000	22,000	I	19,150	19,150	1	26,250	26,250
Expo & State Fair Enterprise Fun	72	ı	72	1	1	1	ŀ	1	1
Employment Training Fund	521	1	521	ŀ	1	1	1	1	-
Harbors and Watercraft Revolving	32,332	1	32,332	26,141	ı	26,141	1	1	1
Mobilehome Park Purchase Fund	=	1	=	1	1	1	1	1	1
Uninsured Employer's Account	13	ı	13	I	1	1	ı	1	1
Agriculture Building Fund	2	ı	2	1	1	1	1	1	1
Rural Predevelopment Loan Fund	9	1	9	2,600	1	2,600	1	ŀ	1
Mobilehome Manufactured Home Rev	306	1	306	1	1	I	J	1	1
Stephen P Teale Data Center Revo	4,500	1	4,500	2,000	1	5,000	1	1	1
Disaster Housing Rehabilitation	69	1	69	39,200	I	39,200	1	1	1
Emerg Serv & Supplemental Paymen	33	1	3	ł	1	1	1	1	ı
Accountancy Fund	1,088	-1,088	1	307	-307	1	1	1	1
Architectural Examiners Fd, Cal	8	-8-	1	92	-92	1	1	1	ı
Cemetery Fund	12	-12	1	1	ı	1	1	ı	ı
Contractors License Fund	4,186	-4,186	1	303	-303	1	1	1	1
School Building Aid Fund, State	20,182	1	20,182	20,182	1	20,182	20,182	1	20,182
Dentistry Fund, State	984	-984	1	152	-152	1	1	ı	1
Funeral Directors and Embalmers	56	-26	1	1	1	1	1	1	1
Home Furnish & Thermal Insulat F	120	-120	1	29	-29	1	1	1	1
Dry Cleaning Account	33	ů.	1	1	1	1	1	1	1
Licensed Midwifery Fund	ı	1	1	2	-2	1	1	ı	1
Landscape Architects Fund, Cal S	79	-79	1	17	-17	1	1	1	1
Medical Board of Calif, Continge	2,566	-2,566	1	83	-83	1	1	1	ŀ
Physical Therapy Fund	13	-13	ı	12	-12	1	ı	1	1
Registered Nursing Fund, Board o	2,483	-2,483	1	341	-341	1	1	1	1

# Schedule 8 COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

Sources	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Oil Spill Bond Expense AcctOs	2	1	2	I	I	1	I	1	1
Optometry Fund, State	96	96-	1	14	41-	1	1	1	1
Pharmacy Board Contingent Fund	526	-526	I	106	901-	1	1	1	I
Private Investigator and Adjuste	158	-158	1	182	-182	1	1	I	i
Professional Engineer & Land Sur	1,002	-1,002	1	93	-93	I	I	J	I
Shorthand Reporters Fund	09	09-		13	-13	I	I	I	I
Behavioral Science Examiners Fun	461	-461	I	19	19-	1	I	I	
Structural Pest Control Fund	1,033	-1,033	1	06	06-	1	1	I	I
Veterinary Examiners Contingent	20	20	I	39	-39	I	I	I	I
Vocational Nurses Account	260	-260	I	82	-82	1	I	1	1
Psychiatric Technicians Account	42	-42	I	24	-24	1	I	1	1
Children's Trust Fund, State	5	1	5	1	I	1	1	I	I
Self-Help Housing Fund	400	I	400	272	I	272	200	I	200
Superfund Bond Trust Fund	I	9,720	9,720	I	13,362	13,362	I	12,809	12,809
Milk Producers Security Trust Fu	I	009	009	I	1	1	1	1	I
Medi-Cal Inpatient Pymt Adjustme	01	I	01	1	I	I	I	I	I
Mcntal Health Primary Prevention	1,473	I	1,473	581	I	581	Ī	I	I
Seniors Special Fund, California	_	1	-	1	I	I	I	I	1
County Health Acct, Co Health Sv	2,162	1	2,162			I	ı	1	I
Local Hith Capital Expend Acc, C	1,200	I	1,200	I		1	I	I	I
Medical Indigent Svs Acct, Co HI	129	I	129	I	I	I	I	1	I
Penalty Fund, State	15	1	15	I	I	1	I	I	I
Industrial Relations Unpaid Wage	<u>.</u> 44.	I	1,44	652	I	652	289		289
Forest Resources Improvement Fun	I	I	1	3,835	1	3,835	445	I	445
Housing Rehabilitation Loan Fund	24	I	24	I	I	1	I	I	I
Local Agency Indebtedness Fund	1,849	1	1,849	I	I	I	1	l	I
Homeownership Assistance Fund	2,233	I	2,233	1,175	I	1,175	001	I	100
Rental Housing Construction Fund	27	I	27	1	1 }	1	1	Ι	1
Special Deposit Fund	2,339	I	2,339	2,000	898'9	8,868	2,000	I	2,000
Student Loan Authority Fund	2,700	I	2,700	I	I	1	3,752	1	3,752
Foster Children and Parent Train	208		80 1	I	I	I	I	I	I
Imper lax Fund	4/	I	4/	000	I	900	I	I	I
Urban Predevelopment Loan Fund	× ~	1	× ~	4,800		4,800	1		1
Sellioi S Fillio California	n 4	1	n 4	I	I	1	1	1	1
idea Eunda Consolidated	C	I	C	I	6	000	I	I	I
Toll Bridge Funds, Consolidated					1,730	1,730			
TOTALS, TRANSFERS & LOANS	697,459	-591,831	105,628	564,578	-415,359	149,219	138,234	-72,870	65,364
TOTALS, REVENUES AND TRANSFERS	40,946,452	11,580,023	52,526,475	39,743,265	12,456,364	52,199,629	39,428,631	13,721,254	53,149,885
OTHER ADDITIONS									
Federal Fund Recoveries			: !!	3			1,700,000	1	1,700,000
GRAND TOTALS, REVENUES AND TRANSFERS	40.046.469	44 600 000	20 505 475	30 047 00	40 456 064	00 400 600	44 400 604	40 704 064	200 000
NO OTHER ADDITIONS	40,340,432	11,000,023	074,076,76	33.743.203	430.304	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	70.07	700	

#### COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95 Schedule 9

		•	Actual 1992-93	93			Esti	Estimated 1993-94	-94			Esn	Estimated 1994-95	1-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal Funds
LEGISLATIVE, JUDICIAL, AND EXECUTIVE															
Legislative Legislature															
State Operations	48,269	;	48,269	ı	;	49,965	495	50,460	;	;	51,974	;	51,974	;	;
Assembly State Operations	68,377		68,377	:	1	71,418	:	71,418	; 		73,561	1	73,561	-	1
Totals, Legislature	116,646	:	116,646	:	:	121,383	495	121,878	;	1	125,535	;	125,535	1	;
State Operations	834	:	834	:	:	832	1	832	;	;	832	;	832	;	;
Legislative Counsel Bureau State Operations	51,928	:	51,928	:	:	53,029	:	53,029	:	:	54,591	:	54,591	1	1 #
Totals, LegislativeJudicial	169,408	:	169,408	:	1	175,244	495	175,739	;	:	180,958	ı	180,958	:	;
Judiciary State Operations	141,562	135	141,697	: :	100	139,535	169	139,704	! !		155,601	173	155,774	: :	: :
Totals, Judiciary	141,562	135	141,697	1	001	139,535	169	139,704	;	:	155,601	173	155,774	;	1
Controlutions to Judges Retirement Fund State Operations	3,255	: :	3,255 54,471	: :	: :	2,152 36,138	: :	2,152	: :	: :	2,450		2,450	; ;	: :
Totals, Contributions to Judges Retire Fd	57,726	:	57,726	1	:	38,290	:	38,290	:	:	50,442	1	50,442	1	1
Salaties of Superior Court Judges	73,872	:	73,872	ı	,	:	:	:	:	:	1	:	;	1	1
Local Assistance	483,136	"	483,136	1 #	:	438,559	:	438,559	:	:	827,880	'	827,880		1
Totals, Judicial	756,296	135	756,431	1	100	616,384	169	616,553	:	1	1,033,923	173	1,034,096	1	1
Governor's Office State Operations	6,700	ı	6,700	:	1	4,764	:	4,764	;	ı	4,764	1	4,764	ı	;
State Operations	2,911	420	3,331	1 1	1,278	2,568	434	3,002	1 1	949	3,012	455	3,467	1 1	402
Totals, Office of Planning and Research	2,911	420	3,331	1	1,929	2,568	434	3,002	;	859	3,012	455	3,467	1	312
State Operations	14,297 19,779 	8,138 29,399 	22,435 49,178 	1 1 1	7,301	15,684 56,406 	9,557	25,241 56,619 	1 1 1	7,526 135,054 	17,877 12,572 3,934	829 17,197 	18,706 29,769 3,934	1 1 1	12,898 135,054 

# COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

					-	(dollars III tirodsarids)	ionsalius)								
			Actual 1992-93				Esi	Estimated 1993-94	-94			Esti	Estimated 1994-95	95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total B	Selected Bond funds	Federal Funds
Totals, Office of Emergency Services	34,076	37,537	71,613	 	141,362	72,090	9,770	81,860	:	142,580	34,383	18,026	52,409	:	147,952
Totals, Executive/Governor Executive/Constitutional Offices	43,687	37,957	81,644	1	143,291	79,422	10,204	89,626	1	143,439	42,159	18,481	60,640	:	148,264
Total Office of the Lieutenant Governor State Operations	1,224	;	1,224	:	1	1,269	ŀ	1,269	ı	:	1,305	:	1,305	;	ŀ
State Operations	147,173	44,111	191,284	: :	13,815	157,391	47,982	205,373		17,322	175,820	49,054	224,874 750	; ;	16,241
Totals, Department of Justice	147,765	44,453	192,218	ı	13,815	157,762	48,582	206,344	1	17,422	175,970	49,654	225,624	:	16,241
State Operations	59,719	4,243	63,962	: :	1,264	61,627	4,387	66,014	:	2,312	63,640	4,511	68,151		2,404
Totals, State Controller	59,719	4,243	63,962	:	1,264	61,627	4,563	66,190	:	2,312	63,640	4,769	68,409	;	2,404
State Operations	140,482	29,041	169,523	1	55	156,483	12,755	169,238	1	178	161,794	13,683	175,477	1	188
Secretary of State State Operations	12,042	12,723	24,765	ı	ı	15,194	13,876	29,070	ı	;	10,952	14,938	25,890	:	:
State Operations	4,734	1	4,734	198	1	4,905	;	4,905	221	:	5,080	009	5,680	:	ì
State Operations California Debt I imit Allocation Commit	;	1,063	1,063	ł	1	1	1,266	1,266	ŀ	;	ı	4	4	:	ı
State Operations	1	332	332	1	1	ŀ	391	391	ŀ	ŀ	ı	202	202	;	ı
State Operations	1	318	318	;	:	1	422	422	ŀ	;	:	205	205	;	1
State Operations	: :	1,098	1,098				1,550	1,550				763	763		: :
Totals, California Tax Allocation Committee		1,197	1,197	:	:	 	1,663	1,663	:	:	:	819	819		1
Totals, Executive/Constitutional Offices	365,966	93,370	459,336	198	15,134	397,240	83,518	480,758	221	19,912	418,741	85,514	504,255	:	18,833
State Mandated Local Costs-LJE  Local Assistance	20,106	1	20,106	;	; [	30,376	 	30,376	; [	! !	11,602	254	11,856	;	1
Totals, Statewide Distributed Costs	20,106	1	20,106	  - 	:	30,376	:	30,376	:	.	11,602	254	11,856	:	;
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE State Operations Local Assistance Capital Outlay Unclassified	1,355,463 703,507 651,956	131,462 101,622 29,840 -	1,486,925 805,129 681,796	198	158,525 23,713 134,812 -	736,816 736,816 561,850	94,386 93,284 1,102	,393,052 830,100 562,952 -	221	163,351 1 28,287 135,064	783,253 783,253 900,196 3,934	104,422 86,057 18,365	791,805 869,310 918,561 3,934	:::::	167,097 32,133 134,964 -

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

		¥	Actual 1992-	93			Esi	Estimated 1993-94	1.94			Esti	Estimated 1994-95	-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal Funds
STATEANDCONSUMERSERVICES															
Secretary for State and Consumer Servic State Operations	645	i	645	1	1	731	1	731	ŀ	ı	750	ı	750	ı	;
Museum of Science and Industry State Operations	4,906	1,829	6,735		; ;	4,465	2,166	6,631	6,003	 	5,640	2,142	7,782	33,947	
Totals, Museum of Science and Industry	4,906	2,479	7,385	ı	:	4,465	2,166	169'9	6,003	ı	5,640	2,142	7,782	33,947	1
California Afro-American Museum State Operations	924	1	924	;	1	1961	1	196	ı	:	ı	i	:	ı	;
State Operations	!	8,108	8,108	ı	ı	1	8,926	8,926	ı	:	:	9,162	9,162	ı	ŀ
State Operations	:	3,305	3,305	ŧ	:	:	3,723	3,723	1	1	1	3,766	3,766	I	;
State Operations	1	903	903	1	1	+	1,103	1,103	1	;	1,042	21	1,063	ı	ŀ
State Operations	1	66,251	66,251	ŀ	1	1	69,812	69,812	ı	ı	!	71,030	71,030	ŀ	1
State Operations	1	5,836	5,836	ŀ	:	:	8,609	8,609	ı	:	١	9,162	9,162	ı	;
State Operations.	:	3,731	3,731	:	;	;	4,379	4,379	ŀ	ł	1	4,557	4,557	;	1
State Operations	ł	345	345	ı	:	:	374	374	:	1	1	373	373	ı	;
State Operations	;	5,317	5,317	1	1	١	5,157	5,157	:	1	ı	5,073	5,073	1	1
State Operations	1	30,952	30,952	1	:	:	36,603	36,603	1	:	:	37,677	37,677	1	;
State Operations	:	4,100	4,100	1	;	:	4,692	4,692	1	:	:	5,347	5,347	1	i
State Operations	;	984	984	;	:	;	966	966	1	:	:	010,1	1,010	ı	1
State Operations	1	1,268	1,268	ı	ł	1	1,617	1,617	1	1	1	2,074	2,074	;	1
State Operations	1	734	734	1	:	:	824	824	ı	1	:	864	864	ŀ	1
State Operations	1	818	518	1	:	1	919	919	1	1	:	657	657	ı	1
State Operations	35	1	35	ı	1	39	1	39	1	1	43	;	43	ł	ŀ
State Operations	1	2,567	2,567	+	:	1	2,671	2,671	t	ı	1	2,826	2,826	;	1
State Operations	1	450	450	:	;	:	551	551		:	:	489	489	ı	+

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND Schedule 9

## FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

		1	Actual 1992-93	93			Est	Estimated 1993-94	-94			Esi	Estimated 1994-95	4-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal Funds
Medical Board of California State Operations	;	26,027	26,027	:	1	:	29,945	29,945	:	1	1	32,055	32,055	;	1
Acupuncture Examining Committee		777	777	,			838	636				010	010		
Hearing Aid Dispensers Examining Committ	!	į	į	;	<b>!</b>	:	929	929	:		:	919	010	1	1
State Operations	1	206	909	;	1	;	487	487	1	ŀ	1	476	476	:	1
State Operations	:	921	921	:	;	;	1,042	1,042	;	ŀ	;	995	995	1	1
S		175	175				643	643				077	027		
Podiatry Examining Committee	1	100	301	:	ì	ì	£	£	:	:	:	600	600	:	1
State Operations	1	1,117	1,117	:	;	:	949	949	:	:	;	984	984	1	;
State Operations	1	2,292	2,292	;	;	;	2,233	2,233	1	1	;	2,274	2,274	1	ı
State Operations Speech Pathology and Audiology Exam Comm	1	1,180	1,180	;	1	:	1,284	1,284	1	1	ı	1,387	1,387	1	1
State Operations	!	251	251	:	:	1	308	308	1	:	1	310	310	1	1
State Operations	!	386	386	;	;	;	431	431	1	ŀ	1	443	443	:	1
State Operations	:	756	756	1	1	:	811	811	:	;	ł	757	757	ı	1
State Operations	;	3,551	3,551	:	;	:	4,438	4,438	ŀ	1	1	4,638	4,638	1	1
State Operations	1	5,156	5,156	ì	;	1	5,937	5,937	1	;	1	5,991	5,991	1	1
State Operations	;	9,646	9,646	1	i	1	11,811	11,811	1	;	:	12,228	12,228	ı	1
State Operations	1	811	811	;	;	ŀ	804	804	1	:	:	856	856	1	1
State Operations	1	2,440	2,440	;	:	;	2,743	2,743	1	ı	ŀ	2,855	2,855	I	1
State Operations State Oberations State Operations State Oberations State Oberations State Operations State	ı	1,298	1,298	;	1	1	905	905	1	1	;	746	746	ı	1
State Operations	:	827	827	1	:	;	878	878	1	ı	1	21.6	717	1	1
State Operations	1	113	113	;	;	;	93	93	1	1	1	94	94	1	1
State Operations	1	3,466	3,466	:	:	÷	3,502	3,502	1	ŧ	1	3,544	3,544	ł	1
State Operations	:	1,018	1,018	:	1	:	996	996	ı	ı	ł	1,098	1,098	:	1
State Operations	1		1	:	:		535	535				525	525	; ; 	:
Totals, Department of Consumer Affairs	959	198,439	199,398	;	:	1,000	222,233	223,233	!	:	1,085	228,808	229,893	1	;
State Operations	9,350	1	9,350	i	2,066	9,812	:	9,812	1	2,066	10,242	:	10,242	1	2,066

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

		Ì	Actual 1992-93	93			Es	Estimated 1993-94	3-94			Est	Estimated 1994-95	-95	
	General Fund	Special funds	Budget	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal Funds
Fair Employment and Housing Commission															
State Operations	627	1	627	:	1	949	1	949	:	:	672	;	672	:	1
State Operations	2,932	3,003	5,935	ı	319	2,844	4,860	7,704	:	66	2,962	5,037	7,999	;	66
Franchise lax Board State Operations	210,594	924	211,518	ı	:	250,459	7,785	258,244	ŀ	;	258,464	8,301	266,765	1	1
Total Dept of General Services State Operations	6.299	56.474	62.773	756	6	6.408	52.333	58.741	2.483	+	12.156	49.178	61.334	2.549	9
Local Assistance		58,356	58,356	1	1 1	3 1 1	64,571	64,571	3.750	ŧ	1	64,958	64,958		ς :
Capital Cuita)			200				01/2/2	01017	00710						
Totals, Total Dept of General Services	6,299	115,160	121,459	756	en	6,408	119,420	125,828	5,733	:	12,156	114,136	126,292	2,549	30
State Operations	7,463	1	7,463	ı	ı	8/9'9	1	8,678	;	1	6,937	1	6,937	ı	1
State Operations	19	1	61	1	;	:	ı	1	;	ı	:	1	;	:	1
Department of Veterans Affairs	1,512		1,512		: :	1,674	1 1	1,674	: :		2,578	: '	2,578		•
Totals, Department of Veterans Affairs	3,192	1	3,192	ı	:	3,274	1	3,274	;	ŀ	4,178	ŧ	4,178	ŀ	i
State Operations	22,636	2,483	22,636		3,684	23,058	3,012	23,058	   f	12,593 5,814	24,050		24,050		7,876 6,631
Totals, Veterans' Home of California	22,636	2,483	25,119	1	15,222	23,058	3,012	26,070	;	18,407	27,904	1	27,904	1	14,507
State Operations		46	46	*		-	4	4	;		1	6	3		1
Totals, Vietnam Veterans Memorial Comm	33,310	2,529	35,839	;	15,222	33,010	3,016	36,026	ŀ	18,407	39,019	en	39,022	:	14,507
State Operations	:	836	299	;	:	1	200	200	ı	;	1	512	512	;	:
Local Assistance	2,834	'	2,834	:    	:	2,998	:	2,998	:	:	3,074	:	3,074	1	;
TOTALS, STATE AND CONSUMER SERVICES State Operations Local Assistance Capital Outlay Unclassified	272,456 267,942 4,514	323,133 261,314 58,356 3,463	595,589 529,256 62,870 3,463	756	17,610 13,926  3,684	312,373 307,775 4,598	359,980 289,881 64,571 5,528	672,353 597,656 69,169 5,528	2,483 2,483  9,253	20,572 14,758  5,814	334,064 325,536 4,674 3,854	358,939 293,981 64,958	693,003 619,517 69,632 3,854	36,496 2,549  33,947	16,702 10,071  6,631
BUSINESS, TRANSPORTATION, AND HOUSING															
Business Sec for Business, Transport and Housing State Operations	99	671	731	I	ı	:	693	693	ŀ	1	:	710	710	ı	1

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

	Federal Funds	ı	:	;	i	1	1	5,173	114,645	: :	:	; ;	:	:	:	1	114,645		;	1	322,977	504,753 22,675
-95	Selected Bond funds	١	1	1	:	:	:	5,255	12,355		ı	:	;	ŀ	:	1	12,355	990	366,990	1	:	1 1 1
Estimated 1994-95	Budget Total	25,523	1,500	27,023	269	16,717	33,665	10,409	17,413	762 56	818	97,039	118,251	3,422	27,509	464	246,561	1,321	1,321	83,300	1,457,606	7,334 344,892 127,304
Est	Special funds	25,523	1,500	27,023	995	16,717	30,598	5,963	5,963	762 56	818	97,039	118,251	3,422	27,509	464	232,044	1,321	1,321	83,300	1,457,606	7,334 344,892 127,304
	General Fund	1	1	;	:	:	3,067	4,446	11,450	: :	:	; ;	:	1	ı	:	14,517	; ;	:	ı	:	1 1 1
	Federal Funds	ı	1	ï	ŀ	:	:	4,523	125,894		ı	; '  	;	:	1	:	125,894	 	ı	;	322,042	 407,589 19,502
94	Selected Bond funds	ı	:	ı	ŀ	i	ı	6,612	18,939	1 1	ı	; ;	ı	ŀ	ŀ	:	18,939	976	366,976	:	:	  189,593
Estimated 1993-94	Budget Total I	24,523	"	24,523	507	15,705	30,191	9,872 4,484	14,356	1 1	i	91,170	112,911	3,070	25,951	453	228,360	1,277	1,277	54,300	1,446,297	7,662 254,953 87,855
Esti	Special funds	24,523	1	24,523	507	15,705	28,658	5,886	5,886	: :	:	91,170	112,911	3,070	25,951	453	218,357	1,277	1,277	54,300	1,446,297	7,662 254,953 87,855
	General Fund	1	:	ı	1	ı	1,533	3,986	8,470		1	    	;	١	ŀ	1	10,003	 	ı	ı	-	1 1 1
	Federal Funds	ı	:	;	ı	1	:	2,786	80,291		ŀ	; '  	ı	:	ł	 	80,291	 	:	ı	388,126	367,565 14,518
3	Selected Bond Funds	ı	1	ı	1	:	:	5,785	27,049	1 1	ı	; ;  	ŀ	ì	ŀ	  - 	27,049	988	252,430	;	6	 253,389
Actual 1992-93	Budget Total I	20,832	:	20,832	443	16,022	24,781	10,706	27,426	1 1	ı	101,094	288,782	2,631	23,360	2,415	407,423	1,221	1,221	55,000	1,404,245	1,465 239,980 163,166
Ac	Special funds	17,185	:	17,185	443	16,022	24,781	5,833	5,833	; ;	;	101,094	288,782	2,631	23,360	2,415	382,123	1,221	1,221	55,000	1,404,245	1,465 239,980 163,166
	General Fund	3,647	1	3,647	ı	1	1	4,873	21,593	1 1	I	: '	:	1	ŀ		25,300	: :	I	i	1	1 1 1
		Dept of Alcoholic Beverage Control State Operations	Local Assistance	Totals, Dept of Alcoholic Beverage Control	Alcoholic Beverage Control Appeals Bd State Operations	State banking Department State Operations	State Operations  State Operations	Dept of nousing & Continuous Development State Operations	Totals, Dept of Housing & Community Dev	California rousing rinance Agency State Operations	Totals, California Housing Finance Agency	State Operations	Totals, Dept of Insurance	State Operations	Office Operations	Office of Savings and Doan State Operations	Totals, Business	California Transportation Commission State Operations	Totals, California Transportation Comm	Special transportation riogians  Local Assistance	State Operations	Aeronautics Program Highway Transportation Program Mass Transportation Program

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND Schedule 9

(dollars in thousands)

FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

			Actual 1992-93				ā	Estimated 1993-94	3-94			Es	Estimated 1994-95	-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	8udget Total	Selected Bond funds	Federal Funds
Transportation Planning Program	•	4,030	4,030	-	22,603		4,032	4,032	:	26,500		4,032	4,032		26,500
Totals, Local Assistance		408,641 261,513	408,641 261,513	253,389	404,686	: :	354,502 358,906	354,502 358,906	189,593 24,796	453,591	: :	483,562 360,083	483,562 360,083	-:	553,928 1,451,094
Totals, Dept of Transportation	1	2,074,399	2,074,399	299,915	1,962,743	1	2,159,705	2,159,705	214,389	2,571,592	1	2,301,251	2,301,251	1	2,327,999
State Operations		310	310		9,679 9,243		315	315	1 1	14,399		326	326	; ;	14,458
Totals, Office of Traffic Safety	1	310	310	ı	18,922	1	315	315	1	25,081	1	326	326	:	25,140
State Operations	: :	581,004 9,675	581,004 9,675		2,823		630,943 26,235	630,943 26,235	: :	3,097		701,602	701,602	; ;	4,240
Totals, Dept of the California Hwy Patrol	:	590,679	890,679	1	2,823	1	821,178	821,178	1	3,097	:	715,005	715,005	;	4,240
Department of Moder Venicles State Operations	09	462,645 6,192	462,705		31	99 :	498,242	498,302		152	09	504,655	504,715		172
Totals, Department of Motor Vehicles	09	468,837	468,897		31	99	509,303	509,363	;	152	99	505,969	506,029	: [	172
Totals, Transportation Statewide Distributed Costs	09	60 3,190,446	3,190,506	552,345	1,984,519	96	3,382,078	3,382,138	581,365	2,599,922	09	3,607,172	3,607,232	366,990	2,357,551
General Obligation Bonds-BT&H State Operations	147,257	1	147,257	:	1	162,424	1	162,424	1	;	228,570	1	228,570	1	ı
State Mandated Local Costs-B10cm Local Assistance	34	•	34	1	:	230	:	230	:	:				:	:
Totals, Statewide Distributed Costs	147,291	1	147,291	1		162,654	1	162,654	:	:	228,570	:	228,570	:	1
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	172,651 3,572,569 155,897 2,643,860 16,754 651,329 - 277,380	172,651 3,572,569 155,897 2,643,860 16,754 651,329 - 277,380	3,745,220 2,799,757 668,083 277,380	579,394 6,782 526,095 46,517	2,064,810 403,445 491,434 1,169,931	172,717 168,003 4,714	3,600,435 2,773,690 430,543 396,202	3,773,152 2,941,693 435,257 396,202	600,304 2 7,588 567,920 24,796 1	2,725,816 344,213 585,644 1,795,959	243,147 236,143 7,004	3,839,216 2,874,786 589,630 374,800	4,082,363 3,110,929 596,634 374,800	379,345 2 6,245 373,100	2,472,196 347,020 674,082 1,451,094
TRADE AND COMMERCE AGENCY															
Trade and Commerce Agency State Operations	19,254 6,527	1,010	20,264	: :	2,717	24,540 10,947	1,335	25,875	: :	991	28,278	1,236	29,514	1 1	376
Totals, Trade and Commerce Agency	25,781	9,114	34,895	1	2,908	35,487	4,328	39,815	:	6,383	39,225	4,607	43,832	:	3,943

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

			Actual 1992-93				Est	Estimated 1993-94	-94			Esti	Estimated 1994-95	-95	
	General Fund	Special funds	•	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
TOTALS, TRADE AND COMMERCE AGENCY State Operations	25,781 19,254	9,114 1,010	34,895 20,264	; ;	2,908	35,487 24,540	4,328	39,815 25,875	    :: 	6,383	39,225 28,278	4,607	43,832	; ;	3,943
Local Aaalatance	6,527	8,104	14,631	; ;	2,717	10,947	2,993	13,940	; 1	5,392	10,947	3,371	14,318	; ;	3,567
PESOURCES	I	1	2 2	i	l	I	l	1	2 2	:	1	ì	1	ŀ	I
Secretary for Resources State Operations	1,753	164	1,917	ı	73	1,058	310	1,368	1	232	1,301	501	1,802	t	85
State Operations	910	100	516			354 819	103	457	; :		354	106	460		: '
Totals, Special Resources Program	1,326	682	2,008	;	ı	1,173	685	1,858	:	1	1,173	889	1,861	1	ı
State Operations.  Local Assistance	651	365 1,763 5,546	1,016 1,763 5,546	3,480	: : :	652	364 2,000 10,686	1,016 2,000 10,686	886 4,957	 	1,114 1,945 2,800	17 483	1,131 1,945 3,283	910	1 1 1
Totals, California Tahoe Conservancy	651	7,674	8,325	4,343	1	652	13,050	13,702	5,843	:	5,859	200	6,359	910	;
California Conservation Corps State Operations	25,965	6,100	32,065	;	689	26,938	5,655	32,593	:	2,576	27,978	5,841	33,819	;	1,642
State Operations State Conservation & Dev Com	i	1	1	;	ŧ	ı	!	ı	ł	١	4,708	2,502	7,210	ì	:
State Operations	24	29,394	29,418	1 1	34,494	: :	39,369	39,369	1 1	57,659		37,213	37,213	1 1	9,817
Totals, Energy Resources Conserv & Dev Com Renewable Resources Investment Program	24	29,346	29,370	1	34,494	:	40,343	40,343	;	57,659	;	40,260	40,260	;	9,817
State Operations Colifornia  Colorado River Board of California	ı	1,729	1,729	;	:	:	1,900	1,900	1	:	;	1,900	1,900	1	1
State Operations	121	œ	129	;	:	200	11	211	ł	·	211	13	224	;	;
State Operations	12,973	346,584	359,557	: :	544	13,935	384,739	398,674	: :	729	14,549	383,475	398,024	1 1	646
Totals, Department of Conservation	12,973	346,584	359,557	1	544	13,935	384,754	398,689	:	729	14,549	383,475	398,024	ı	949
State Operations	277,427	9,499	3,800	32 633	7,777	249,795	11,443	261,238	35 633 575	6,307	263,700	4,900	268,600	37 633 19,760	6,149
Totals, Department of Forestry and Fire Protect	277,427	13,299	290,726	999	9,370	249,795	12,759	262,554	1,243	9,655	263,700	4,900	268,600	20,430	8,221

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND Schedule 9

FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

					9	(dollars in thousands)	ousands)								
		,	Actual 1992-93	13				Estimated 1993-94	94			Esth	Estimated 1994-95	95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Spectal funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Spectal funds	Budget Total I	Selected Bond funds	Federal Funds
General Obligation Bonds-Resources State Operations	253,010	; ; ; <u> </u>	253,010	: :	1 1	274,501	: : [	274,501	: '	: :	317,948	†	317,948	: :	
TOTALS, RESOURCES	653,111 652,201 910	704,066 619,211 14,398 38,289 32,168	1,357,177 1,271,412 15,308 38,289 32,168	128,730 9,893 61,903 56,934	80,932 73,995 5,024 1,913	646,112 645,066 1,046	837,692 1 702,433 1 37,762 74,319 23,178	,483,804 ,347,499 38,808 74,319 23,178	234,264 6,712 96,389 131,163	118,322 104,346 11,009 2,967	722,324 710,985 2,764 8,575	768,142 1 690,788 1 38,247 15,456 23,651	1,490,466 1,401,773 41,011 24,031 23,651	283,961 9,903 219,808 34,250	63,284 55,687 6,997 600
CALIFENVIRONMENTAL PROTECTION AGENCY															
Secretary for Environmental Protection State Operations		1,552	1,552	    	92		865	865		518	: : :	724	724		
Totals, Secretary for Environmental Protection	:	1,552	1,552	i	270	;	865	865	1	519	;	724	724	1	1
State Operations	; ;	84,407	84,407	 	8,754	; ;	86,275	86,275	; ;	8,725	86	88,780	88,866		7,910
Totals, State Air Resources Board	1	91,918	91,918	1	8,754	;	93,786	93,786	1	8,725	98	96,291	96,377	1	7,910
State Operations	: :	43,540 3,240	43,540	 	100	; ;	54,053 20,382	54,053 20,382	; ;	96 9	; ;	59,495	59,495		
Totals, Calif Integrated Waste Management Bd	1	46,780	46,780	1	940	;	74,435	74,435	:	154	i	82,419	82,419	١	1
State Operations	10,129	20,513	30,642 9,730	: :	1,764	8,568 2,449	23,941 6,910	32,509 9,359	: :	2,236	9,040	24,899	33,939		2,284
Totals, Department of Pesticide Regulation	12,578	27,794	40,372	;	1,764	11,017	30,851	41,868	1	2,236	11,489	32,409	43,898	:	2,284
State Operations	27,394	57,476	84,870	9,568 50,762	28,970	27,813	160,685	188,498	12,854	38,650	29,537	161,222	190,759	5,358	32,542
Totals, State Water Resources Control Board Denartment of Toxic Substances Control	27,394	57,455	84,849	60,330	122,509	27,813	160,685	188,498	89,583	105,650	29,537	161,222	190,759	21,907	32,542
Of of Fruitnmental Health Hazard Asmt	1,427	74,752	76,179	3,246	15,089	313	104,149	104,462	7,611	24,558	653	95,858	96,511	3,672	30,070
State Operations General Obligation Bonds-Environmental	3,313	1,602	4,915	1	:	3,216	1,538	4,754	1	;	4,125	1,352	5,477	:	1
State Operations	34,769	:	34,769	ı	:	31,725	1	31,725	1	1	35,412	:	35,412	1	;

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

	ted Federal unds Funds	79 72,806 30 72,806 49		:	5,818	894	- 2,727	. 1,000	- 1,000	4,241	90,636	254	- 14,446		180,248	180,248	194,694	;	250,214	
1994-95	selected Bond funds	25,57 9,03 16,54			1		26		73		4	1	. 62			14		238		
Estimated 1994-95		5 551,577 0 511,183 5 40,394		- 1,285		1,821	7 4,256	28,328	31,273	3,600	- 31,904		6,879		21,014	- 21,014	27,893		263,455	
	Spectal	470,275 432,330 37,945		1	i	707	707	27,425	27,425		i	i	2,591	•	• • • •	;	2,591	,	109,297	
	General Fund	81,302 78,853 2,449		1,285	1	1,114 2,435	3,549	903	3,848	3,600	31,904	:	4,288	1 3	21,014	21,014	25,302	238	154,158	
	Federal Funds	141,842 74,264 67,578		100	5,818	745	2,395	100	1,661	5,263 87,846	93,109	261	17,545	!	200,823	200,823	218,368	;	247,672	
26-	Selected Bond funds	97,194 20,465 76,729		I	1	1 1	:		ı	: :	:	I	1	:	: : :	:	ı	:	;	
Estimated 1993-94	Budget Total	540,393 503,141 37,252		1,147	;	1,545	3,980	27,150	30,405	3,463 28,693	32,156	1	6,438	:	78,472	78,472	84,910	229	229,159	
Est	Special	466,309 431,506 34,803		1	ł	471	471	26,108	26,608		ı	ł	2,483	1	: : :	1	2,483	1	89,425	
	General Fund	74,084 71,635 2,449		1,147	1	1,074 2,435	3,509	1,042	3,797	3,463	32,156	:	3,955	1	78,472	78,472	82,427	229	139,734	
	Federal Funds	149,326 54,769 94,557		138	5,535	3,046	3,428	139	1,412	4,182	92,624	221	16,545	43,637	84,190 53,468	181,295	197,840	ı	204,419	
80	Selected Bond Funds	63,576 12,814 50,762		;	ı		:	: :	:		ı	1	ı	;	    	;	:	ı	ł	
Actual 1992-93	Budget Total	381,334 360,874 20,460		1,102	1	1,290 2,434	3,724	27,257	30,163	3,498	31,972	1	7,085	23,165	22,779	77,531	84,616	228	209,256	0,0
पॅ	Spectal funds	301,853 283,842 18,011		ł	ı	385	385	26,080	26,080		:	;	2,176	:	1 1 1	ŀ	2,176	i	69,427	
	General Fund	79,481 77,032 2,449		1,102	;	905 2,434	3,339	1,177	4,083	3,498	31,972	1	4,909	23,165	22,779	77,531	82,440	228	139,829	0,000
		TOTALS, CALIF ENVIRONMENTAL PROTECTION AGENCY State Operations Local Assistance Capital Outlay Unclassified	HEALTHANDWELFARE	Secretary for Health and Welfare State Operations	State Operations	Emergency Medical Services Authority State Operations	Totals, Emergency Medical Services Authority	State Operations	Totals, Office Statewide Health Planning-Dev	State Operations	Totals, Department of Aging	State Operations	State Operations	Alcohol Program	Arcolor and Other Drug Services Program  Orug Program  Pilot Project Combined Services Program.	Totals, Local Assistance	Totals, Dept of Alcohol and Drug Programs	State Operations	State Operations	Medical Assistance

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

Public Health Services   Section   Special   Special   Public Health Services   Section   Special   Public Health Services   Section   Special   Public Health Services   Section   Special   Spec								1					í			
55,526         333,985         577,511         —         418,481         257,695         321,729         5           5,626,78         376,783         6,003,571         —         7,668,483         6,041,895         352,549         6,3           5,766,617         446,210         6,212,827         —         7,872,902         6,181,629         441,974         6,6           -         -         -         -         -         -         -         -         -         -           -         <		General		Budget Total	Selected Bond Funds		General		Estimated 1993-94 Budget S Total Bo	Selected Bond funds	Federal	General	Special funds	Estimated 1994-95 Budget S Total Bor	Selected Bond funds	Federal
5,626,788         376,783         6,003,571         - 7,668,483         6,041,895         352,549         6,3           5,766,617         446,210         6,212,827         - 7,872,902         6,181,629         441,974         6,6	alth Services	253,526	323,985	577,511	:	418,481	257,695	321,729	579,424		575,160	289,246	285,418	574,664		513,582
5,766,617         446,210         6,212,827         - 7,872,902         6,181,629         441,974         6,6           - <td< td=""><td>cal Assistance</td><td>5,626,788</td><td>376,783</td><td>6,003,571</td><td>1</td><td>7,668,483</td><td>6,041,895</td><td>352,549</td><td>6,394,444</td><td></td><td>9,934,278</td><td>4,773,479</td><td>290,664</td><td>5,064,143</td><td>1,500</td><td>10,348,089</td></td<>	cal Assistance	5,626,788	376,783	6,003,571	1	7,668,483	6,041,895	352,549	6,394,444		9,934,278	4,773,479	290,664	5,064,143	1,500	10,348,089
-       -	Department of Health Services	5,766,617			ı	7,872,902	6,181,629	441,974	6,623,603	:	056,181,01	4,927,637	399,961	5,327,598	1,500 10	1,500 10,598,303
717	istance	1	1	I	1	1	;	1	1	١	1	000'09	1	000'09	1	69,497
-       1,382       1,382       -       -       1,536       113,083       1         -       72,615       72,615       -       -       12,500       114,617       1         -       73,997       73,997       -       -       12,500       114,617       1         -       73,946       4,477       -       -       2,586       2,586       4,477       -         -       282       -       -       -       528,673       2,588       5       -       394         -       282       -       -       -       -       528,673       2,568       -       394         171,376       139       171,515       -       1,394       181,961       3,532       1       1,609         171,376       1,917       1,917       -       1,917       1,917       -       1,609       - <t< td=""><td>rations</td><td>7117</td><td>:</td><td>717</td><td>I</td><td>1</td><td>1,053</td><td>ı</td><td>1,053</td><td>1</td><td>:</td><td>1,078</td><td>:</td><td>1,078</td><td>١</td><td>1</td></t<>	rations	7117	:	717	I	1	1,053	ı	1,053	1	:	1,078	:	1,078	١	1
47,985       897       48,882       -       10,321       54,069       4,477         526,246       2,141       528,387       -       -       526,673       2,368       5,368         -       282       282       -       -       -       36,967       4,477         -       2,141       528,387       -       -       -       39,48         574,231       3,320       577,551       -       1,374       181,961       3,532       1         171,376       139       171,515       -       1,394       181,961       3,532       1         -       1,917       -       1,917       -       -       1,609       -       -         -       1,917       -       1,917       -       -       -       -       -       -         210,724       2,556       213,280       - </td <td>A VICULAL INSULATIVE DOSTO.  STIONS</td> <td>: 1</td> <td>1,382</td> <td>1,382</td> <td>; ;</td> <td>: !</td> <td>12,500</td> <td>1,534</td> <td>1,534</td> <td>: :</td> <td></td> <td>38,480</td> <td>1,493</td> <td>1,493</td> <td>: 1</td> <td>' ' </td>	A VICULAL INSULATIVE DOSTO.  STIONS	: 1	1,382	1,382	; ;	: !	12,500	1,534	1,534	: :		38,480	1,493	1,493	: 1	' '
77,985       897       48,882        10,321       524,669       4,477         526,246       2,141       528,387        -       528,673       2,568       5         574,231       3,320       577,551        10,321       582,742       7,239       5         171,376       139       171,515        1,394       181,961       3,532       1          1,917        1,917         1,394       181,961       3,532       1          1,917        1,917            1,609         1,009        3,94       4,477       7,239       5       5       6       9       9       4,477       7,239       5       6       9 <td< td=""><td>ged Risk Medical Insurance Bd</td><td>1</td><td>73,997</td><td>73,997</td><td>ŀ</td><td>1</td><td>12,500</td><td>114,617</td><td>127,117</td><td>1</td><td>;</td><td>38,480</td><td>92,138</td><td>130,618</td><td>:</td><td>ł</td></td<>	ged Risk Medical Insurance Bd	1	73,997	73,997	ŀ	1	12,500	114,617	127,117	1	;	38,480	92,138	130,618	:	ł
574,231       3,320       577,551        10,321       582,742       7,239       5	Levelopmental Services rations	47,985 526,246	897 2,141 282	48,882 528,387 282	1 1 1	10,321	54,069 528,673 	4,477 2,368 394	58,546 531,041 394	111	29,600	58,522 445,268 3,046	259 2,141	58,781 447,409 3,046	1 1 1	2,808 26,846
171,376       139       171,515       -       1,394       181,961       3,532       1         39,348       500       39,848       -       6,980       46,361       500         -       1,917       1,917       -       1,619       -       1,609         -       210,724       2,556       213,280       -       7,722       -       -         -       -       -       -       85,565       -       -       -         -       -       -       -       93,287       -       -       -         -       -       -       -       9,431       -       -       -         -       -       -       -       9,431       -       -       -         -       -       -       -       6,225,124       -       -       -         -       -       -       -       6,225,124       -       -       -         -       -       -       -       -       -       -       -       -         -       -       -       -       -       -       -       -       -       -         -	Dept of Developmental Svs	574,231	3,320	577,551	:	10,321	582,742	7,239	589,981		29,600	506,836	2,400	509,236	:	29,654
10,724       2,556       213,280       -       38,374       228,322       5,641       2	i Mentar nearmi attions istance	171,376 39,348	139 500 1,917	171,515 39,848 1,917	1 1 1	1,394	181,961 46,361 	3,532 500 1,609	185,493 46,861 1,609	: : :	3,352 52,214 	188,296 53,980 477	500	188,296 54,480 477	1 1 1	3,364 41,049
7,722              85,565              93,287           19,233       19,335       38,568        6,525,124            70        6,225,124            19,233       19,405       38,638        6,891,966       19,806       37,247         29,469        75,037        73,385          75,037        73,385           104,506        175,039       105,144          111,751       -300       111,451        195,254       87,893       559	Dept of Mental Health	210,724	2,556	213,280	1	38,374	228,322	5,641	233,963	 	55,566	242,753	200	243,253	:	44,413
19,233       19,335       38,568        657,411       19,806       37,247         -       -       -       -       9,431        -         -       -       -       -       9,431        -         -       -       -       9,431            19,233       19,405       38,638        6,891,966       19,806       37,247         29,469       -       29,469        73,335          75,037       -       73,385          -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       -       -         -       -       - <t< td=""><td>of Economic Opportunity rations</td><td>1 1</td><td></td><td>   </td><td>: : </td><td>7,722</td><td>1 1</td><td>+ +</td><td>   </td><td>   </td><td>9,144</td><td>: :</td><td></td><td>1 1</td><td>: 1</td><td>9,715</td></t<>	of Economic Opportunity rations	1 1			: :	7,722	1 1	+ +			9,144	: :		1 1	: 1	9,715
19,233     19,335     38,568      6,57,411     19,806     37,247           9,431          70      9,431         19,233     19,405     38,638      6,891,966     19,806     37,247       29,469      75,037      73,385        75,037       73,385        104,506      104,506      175,039     105,144        111,751     -300     111,451      195,254     87,893     559	tment of EconOpportunity	;	:	ł	1	93,287	;	;	1	ı	163,048	ı	;	1	1	105,900
19,233     19,405     38,638      6,891,966     19,806     37,247       29,469      29,469      175,039     31,759        75,037       73,385        104,506      104,506      175,039     105,144        111,751     -300     111,451      195,254     87,893     559	Deventuring Dept. rations	19,233	19,335	38,568		657,411 6,225,124 9,431	908'61	37,247	57,053	1 1 1	651,702 4,531,518 7,787	23,865	41,246	65,111	1 1 1	576,487 3,477,814 1,822
29,469     -     29,469     -     175,039     31,759     -       75,037     -     75,037     -     -     73,385     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     -     -       -     -     -     -     - <t< td=""><td>oyment Development Dept</td><td>19,233</td><td>19,405</td><td>38,638</td><td></td><td>6,891,966</td><td>19,806</td><td>37,247</td><td>57,053</td><td>1</td><td>5,191,007</td><td>23,865</td><td>42,008</td><td>65,873</td><td>1</td><td>4,056,123</td></t<>	oyment Development Dept	19,233	19,405	38,638		6,891,966	19,806	37,247	57,053	1	5,191,007	23,865	42,008	65,873	1	4,056,123
	vination  ations  istance  Itlay	29,469	1 1 1	29,469 75,037	1 1 1	175,039	31,759 73,385		31,759		211,072	34,435 73,216 176	' ' '	34,435 73,216 176		218,900 1,700 338
	of Rehabilitation	104,506	:	104,506	1	175,039	105,144	1	105,144	;	212,772	107,827	;	107,827	1	220,938
	rationsstance	111,751	-300	111,451	ı	195,254	87,893	529	88,452	1	268,167	93,814	652	94,466	ł	285,671
		2,696,428	:	2,696,428		2,802,874	2,789,821	1	2,789,821	;	2,896,418	1,183,919	1	1,183,919	2	2,744,310

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

			Actual 1992-93	93			Ħ	Estimated 1993-94	3-94			Esti	Estimated 1994-95	-95	
	General		Budget	Selected		General	Special	Budget	Selected	Federal	General	Special	Budger	Selected	Federal
	rund	funds	lotai	Bond runds	runds	rund	Junds	lotai	Bond funds	r unds	rund	Spunf	I otal	Bond funds	r unds
Foster Care	259,066	:	259,066	ŀ	231,022	282,579	;	282,579	;	338,683	869	;	869	:	378,128
SSI/SSP	2,295,331	:	2,295,331	!	:	2,081,933	1	2,081,933	:	51,707	2,120,413	1	2,120,413		156,717
Refugee Cash Assistance		:	;	1	22,358	1	1	+	1	23,080	1	:	:	1	22,252
County Administration	347,798	:	347,798	:	864,774	383,721	ì	383,721	1	859'026	314,725	:	314,725	-	,024,537
Community Care Licensing	159,140	:	159,140	1	337,838	251,079	;	251,079	:	170,817	1	:	1	:	1
Employment Services	28,778	!	28,778	1	127,795	68,877	1	68,877	1	169,266	96,684	1	96,684	:	150,138
Child Welfare Services	245,179	:	245,179	!	237,080	160,362	:	160,362	1	383,323	141,874	;	141,874	:	444,742
Special Programs	22,225	:	22,225	:	33,304	18,895	,	18,895	1	36,575	2,503	:	2,503	;	36,575
Community Care Licensing	7,291	1	7,291	1	4,040	1,844	1	1,844	;	7,662	1,947	;	1,947	:	7,366
Other Programs	169'86		169'86	•	133,535	109,507	-	109,507	  - 	132,143	139,334		139,334	-	215,316
Totals, Local Assistance	6,159,927	;	6,159,927	1	4,794,620	6,178,618	1	6,178,618	1	5,180,332	4,002,097	:	4,002,097	1	5.180.081
														1	
Totals, Dept of Social Services	6,271,678	-300	6,271,378	;	4,989,874	6,266,511	828	6,267,070	1	5,448,499	4,095,911	652	4,096,563	1	5,465,752
State-Local Realignment	•	200 101 0	273171				2167022	7 167 922				0000000	000 000		
General Obligation Ronds-H&W	1	6/0,121,	6/0,121,2	:	:	•	660,161,2	2,137,633	!	!	:	0,50,900,5	3,009,820	:	:
State Operations	4.908	:	4.908	:	:	4.529	;	4.529	;	1	4.605	:	4.605	;	:
State Mandated Local Costs-H&W															
Local Assistance	8,717		8,717	:	:	111,205	-	111,206	;	;	30,227	:	30,227	1	:
												!!    			
TOTALS, HEALTHANDWELFARE State Operations Local Assistance Capital Outlay Unclassified	13,084,495 2,694,904 15,779,399 537,087 119,521 656,608 12,547,408 2,573,114 15,120,522 - 2,269 2,269	694,904 1 119,521 573,114 2,269	15,779,399 656,608 15,120,522 2,269	11111	20,372,961 1 1,278,702 19,084,828 1 9,431	13,636,706 531,714 13,104,992	2,794,673 1 165,836 2,626,834 1 2,003	16,431,379 697,550 15,731,826 2,003	202	21,604,154 1 1,450,541 20,145,826 7,787	10,105,345 570,201 9,531,445 3,699	4,178,202 1- 183,670 3,993,770 1	14,283,547 753,871 13,525,215 4,461	1,50020	1,50020,885,709 1,372,812 19,510,737 1,500 2,160
YOUTH AND ADULT CORRECTIONAL AGENCY	<u>}</u>														
Sec for Youth and Adult Corrections State Operations	733	:	733	;	ŀ	8833	;	883	١	ı	206	١	206	١	1
Dept of Corrections					;				;	;					
Local Assistance	2,324,214	:	2,324,214	/79,67	216	2,694,293	1	2,694,293	50,710	217	2,945,494	:	2,945,494	62,413	2,211
Transportation of Prisoners	279	;	279	;	:	410	;	410	1	1	410	:	410	;	;
Returning Fugitives	1,186	;	1,186	+	1	2,432	1	2,432	1	;	2,432	1	2,432	1	;
Court Costs and County Charges	7,974	1	7,974	:	:	6,597	:	6,597	1	1	6,597	:	6,597	1	;
Asst to Counties for Detentn of Parolees	32,198	1	32,198	•		19,597	•	19,597		1	19,597	1	19,597	1	1
Totals, Local Assistance	41,637	1	41,637	:	ł	29,036	:	29,036	1	1	29,036	;	29,036	1	ì
Capital Outlay		1	1	74,990	1	1	1	*	109,188		1			50,464	1
Totals, Dept of Corrections	2,365,851	:	2,365,851	104,617	216	2,723,329	ı	2,723,329	868'651	217	2,974,530	1	2,974,530	112,877	2,211
State Operations	210	1,741	2,251	1,612	1	398	2,047	2,445	1,721	33	409	2,100	2,509	1,632	17
County Correctional Staff Training	:	9,540	9,540	ŀ	:	;	9,546	9,546	1	:	:	8,721	8,721	1	1

# COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

			FISC	FISCAL YEARS 1992-93, 1993-94, AND 1994-95Continued	S 1992-	93, 1993	-94, ANI	1994-9	5Contir	pane					
						(dollars in thousands)	housands								
			Actual 1992.	93			Es	Estimated 1993-94	3-94			Esti	Estimated 1994-95	-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
County Correctional Facility Constructn	1	1	1	149,198	1		1	1	91,076	1		1	1	47,500	1
Totals, Local Assistance	1	9,540	9,540	149,198			9,546	9,546	91,076	1	ij	8,721	8,721	47,500	*
Totals, Board of Corrections	510	11,281	11,791	150,810	i	398	11,593	166'11	92,797	33	409	10,821	11,230	49,132	17
State Operations	3,767	1	3,767	1	I	4,518	:	4,518	1	:	4,531	1	4,531	1	1
State Operations	2,704	1	2,704	1	1	3,135	:	3,135	1	1	3,366	1	3,366	1	1
State Operations	306,653	1	306,653	272	1,617	322,400	1	322,400	3,973	1,777	341,322	1	341,322	4,157	1,777
Transportation of Wards	79000	:	7900	1	1	92	1	92	1	1	92	1	92	1	1
County Correction Facil -Juvenile Facil		1 1		7,297	1 1 1	33,000	1 1 1	33,000	11,160	1 1 1	33,000	: : :	33 000	10,000	: : :
Totals, Local Assistance	2,466		2.466	7,297		35,919		35,919	11,160		35,919		35,919	10,000	:
Capital Outlay	1	1		3,318	:	:	;	:	13,217	780				16,783	1
Totals, Dept of Youth Authority	309,119	ł	309,119	10,887	1,617	358,319	1	358,319	28,350	2,557	377,241	ł	377,241	30,940	1,777
State Operations	375	1	375	1	1	157	1	157	1	1	1	ı	1	1	1
State Operations	349,569	1	349,569	1	;	318,072	1	318,072	1	1	381,780	:	381,780	1	1
Local Assistance	1		1	 	1	20	1	20	:		1	1	1	1	1
TOTALS, YOUTHANDADULT CORRECTIONAL AGENCY State Operations Local Assistance Capital Outlay Unclassified	3,032,628 2,988,525 44,103	11,281 1,741 9,540	3,043,909 2,990,266 53,643	266,314 31,511 156,495 78,308	1,833	3,408,831 3,343,856 64,975	11,593 2,047 9,546	3,420,424 3,345,903 74,521	281,045 56,404 102,236 122,405	2,807 3 2,027 3 780	3,742,764 3,677,809 64,955	10,821 2,100 8,721	3,753,585 3,679,909 73,676	192,949 68,202 57,500 67,247	4,005
EDUCATION															
K thru 12 Education Sec fr Child Dev & Education, K-12 State Operations	1,607	1 1	1,607		1 1	2,016	; ;	2,016	1 1	1 1	2,076	1 1	2,076	1 1	1 1
Totals, Sec fr Child Dev & Education, K-12 Department of Education	1,607	:	1,607	;	l	2,016	1	2,016	:	:	7,076	:	7,076	1	1
Dept of Education—Headquarters State Operations	75,290	2,861	78,151	:	60,549	75,027	3,110	78,137	:	67,267	78,933	2,969	81,902	1	67,247

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

			Actual 1992-93	93			E	Estimated 1993-94	3-94			Es	Estimated 1994-95	4-95	
	General	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Local Assistance			000 511			200		100							
Apportionments—County Offices	115.883	1 20 11	115,883	:	:	94.307		7,06,307	:	:	140.860	1 10	140.860	1	1
Apportionments-District	9,941./98	11.234	5,953,052	1		0.740	4C7.11	1,095,291	: '	:	7.124.303	11.234	7.15,61.7	:	:
Child Nutrition	9.052	۱ :	9.052	: 1	795 774	12.052		12.052	: :	864 143	12.052	: :	12.052	: :	864 143
Consolidated Categorical Programs	4.779.847	:	4.779.847	1	338.790	4.814.802	:	4.814.802	:	377.371	4.715.761	:	4.715.761	: :	390.872
Driver Training	;	13.872	13,872	;	:	:	1	:	:	1	1	;	1	1	:
Drugs and Tobacco Use Prevention Ed	;	25.211	25,211	1	41.514	:	21.693	21,693	1	41,752	;	16.168	16.168	:	41.752
Earthquake Relief	1,293	:	1,293	;	:	:	1	1	;	:	1	1	:	:	:
Immigration Reform	:	;	:	1	24.826	:	1	:	;	1,091	;	;	1	;	1
Indian Education	366	:	366	:	:	366	1	366	1	:	366	!	366	;	;
Set Aside for Long Beach Desegregation	:	1	1	1	1	25.000	1	25,000	;	1	1	:	1	:	1
Special Education Matching Funds	206	;	206	:	:	506	:	206	1	:	506	:	206	:	:
Specialized Instruct & School Imprvmnt Vocational Education	26.533	679	27,212 9,272	: :	717,583	42.549 9.272	008 :	43,349	: :	826,481 107,502	73,176	008	73.976	: :	826.481
Total	14 000 250	71013	14 040 275	l	016 300 0	13 601 040	72 747	10 305 507		0710 240	14 000 504	, ,,,	14 111 746		0 200 0 5
Totals, Local Assistance	14.00%,00%		14,940,07		2.023,419	12,091,040	33.747	12,727,387	:	2,210,340	14.003.324	777.07	14,111,/40	•	7.230,730
Totals, Dept of Education—Headquarters	14,964,949	53.877	53.877 15,018.826	1	2.085,968	12,766.867	36.857	12.803,724	;	2,285,607	14,162,457	31.191	14.193,648	:	2,297,997
State Library State Operations	9,846	167	10,013	211	2,383	10.685	520	11,205	166	2,695	14,372	535	14.907	205	2.828
Local Assistance	22,303	1	22,303	1	11.522	22.308	1	22,308	:	12,944	22,308		22,308		11.901
Totals, State Library	32,149	167	32,316	211	13.905	32,993	520	33,513	199	15,639	36,680	535	37.215	205	14.729
Calif State Summer School for the Arts	;		;												
State Operations	298	1	298	1	:	630	;	630	:	:	946	:	646	:	1
Local Assistance	90.976	1	920.069	t	1	758.258	1	758,258	;	;	818.337	;	818.337	1	;
Kettrement Costs for Community Coneges  Local Assistance	-62,188	:	-62.188	:	;	-68.243	;	-68,243	:	:	-73.650	;	-73.650	1	1
Calif State Council on Vocational Educ	5		5		366	2		2		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	3		3		6
Calif Occupational Info Coord Committee	16	:	16	:	557	16	:	16	:	727	ţ	!	<u></u>	:	757
State Operations	:	1	1	1	240	:	1	1	:	274	;	;	:	;	281
Local Assistance	-1.897	-37.279	-39,176	2,524,882	746	-1.861	-12.692	-14,553	200.038	545	-1,344	-13.093	-14,437	1,413.318	545
State Operations	:	12,512	12,512	1	:	:	12,783	12,783	:	:	;	12,890	12,890	:	;
Local Assistance	:	-	-	1		2,000	1	2,000		·	2,000	;	2.000		:
Totals, Comm on Teacher Credentialing	;	12.512	12,512	1	;	2,000	12,783	14,783	;	:	2.000	12,890	14,890	:	i
State Operations	482.769	:	482,769	;	;	510.362	;	510,362	1	1	685.192	;	685,192	1	1
State Mandated Local Costs-K-12 Local Assistance	157,034	;	157,034	1	;	158,756	1,900	160,656	:	:	142.723	1	142,723	;	;
				I											
Totals, K thru 12 Education	16.266,088	29.277	29.277 16,295,365	2,525.093	2,101,094	14,161,869	39,368	14.201.237	200.237	2,302,297	15,780.211	31,523	15,811,734 1,413,523		2,313,784

COMPAF	COMPARATIVE STATEMENT OF FISCA	TATEM	ENT OF E	_ a	TURES S 1992-	BY ORC 93, 1993	SANIZA 94. ANI	FION UN 1994-9	EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND L YEARS 1992-93. 1993-94. AND 1994-95 <i>Continued</i>	ACTEF	I, FUNCT	NO AN	ID FUNC	•	
						(dollars in thousands)	ousands								
		,	Actual 1992-9	33			Esi	Estimated 1993-94	1-94	:		Est	Estimated 1994-95	-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Higher Education-Community Colleges Bd of Governors of Calif Comm Colleges															
State Operations	908'6	1	908'6	191	89	8,857	1	8,857	793	300	9,182	1	9,182	822	123
Apportionments for Community Colleges .	1,074,977	1,986	1,076,963	1	1	760,879	1,986	762,865	;	;	1,005,893	1,986	1,007,879	;	;
Earthquake carryover -non-Prop 98 Extended Opnortunity Program	70 185	1 1	70 185	: :	: :	84 47 109	51	135	: :	1 1	42 862	: :	42 862	: :	: :
Student Financial Aid Administration	9167	;		ŀ	1	1	1		,		9,918	1	9,918		1
Disabled Students	33,852	;	33,852	:	:	34,424	1	34,424	i	;	35,624	:	35,624	:	i
Matriculation	41,867	: :	41,867	: :	: :	42,575	: :	42,575	: :		42,575	: :	42,575	: :	: :
Faculty and Staff Diversity	1,859	: :	1,859	: :	:	1,859	1 1	1,859	: 1	: :	1,859	: :	1,859		: :
Faculty and Staff Development	5,233	;	5,233	;	1	5,233	:	5,233	;	;	5,233	1	5,233	;	;
Instructional Improvement	736	!	736	1	1 400	736	1	736	1	1 8	736	1	736	1	1 900
Transfer Education and Articulation	0,973	: :	0,973	' '	1,400	0,973	: :	0,973	: :	2,900	0,973	: :	0,973	: :	2,900
Underrep Students/Vocational Training	204	1	26,5			220	1 1	220	: :		220	: :	220	: :	: :
Deferred Maintenance	8,700	;	8,700	;	:	8,700	!	8,700	1	;	8,700	1	8,700	ł	:
Deferred Maint Carryover -Non-P98	8,226	!	8,226	1 000	1	1 000	1	1 00	1 9		1 00	:	1 00	1 80	:
Hazardous Substances	958 856	1 1	856	2,000	1 1	8,000	1	8,000	2,000	:	8,000	:	8,000	2,000	:
AB 449 -Portables LA South-C/O—Non-P98		: :	959	: :	: :	: :	. ,	1 1	: :	: :	428		428	: :	: /
Accountability/MIS	4,328	1	4,328	1	:	1	,	1	;	1		1	1	ì	1
Foster Parent Training Programs	283	;	283	:	1	337	1	337	:	:	337	:	337	:	;
Innovation Projects		: :	: :		: :	1 1	' 1	1 1	: :	! !	2,000	: :	2,000		: /
Technology Improvements	•		'	*	!	1	1	+	'	1	10,000	1	10,000	;	*
Totals, Local Assistance	1.268.570	1.986	1.270.556	2,000	1.400	919.424	2.037	921.461	5.000	2.900	1.217.652	1.986	1.219.638	5.000	2.900
Capital Outlay		1		121,894					227,576					178,347	-
Totals, Bd of Governors of Calif Comm Coll	1,278,376	1,986	1,280,362	127,661	1,468	928,281	2,037	930,318	233,369	3,200	1,226,834	1,986	1,228,820	184,169	3,023
State Operations	50,377	1	50,377	1	1	46,711	ŀ	46,711	;	;	58,226	!	58,226	1	÷
Seal Assistance	1,470	1	1,470	1	1	1,508	1	1,508	;	;	1,558	!	1,558	1	1
Local Assistance	62,188	1	62,188		:	68,243		68,243	:	:	73,650		73,650	1	!
Totals, Higher Education-Community Coll Higher Education-UC, CSU and Other Cal Postsecondary Education Commission	1,392,411	1,986	1,394,397	127,661	1,468	1,044,743	2,037	1,046,780	233,369	3,200	1,360,268	1,986	1,362,254	184,169	3,023
State Operations	2,498		2,498	: /	4,231	2,403	1 1	2,403	1 1	729	2,412		2,412		729
Totals, Cal Postsecondary Education Comm	2,498	:	2,498	1	4,490	2,522	1	2,522	1	8,081	2,531	1	2,531	:	8,081
State Operations	1,878,532	24,660	1,903,192	- 3	3,438,850	1,792,606	34,963	1,827,569	- 1	3,503,120	1,850,558	37,226	1,887,784	٠.	3,599,865

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

			Actual 1992-93			1		Estimated 1993-94	3-94				Estimated 1994-95	-95	
	General Fund	Special funds	8udget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal	General	Special	8udget Total	Selected Bond funds	Federal
Capital Outlay			1	94,894	•		:		196,267	•	:	1	'	161,879	1
Totals, Total University of California	1,878,532	24,660	1,903,192	94,894	3,438,850	1,792,606	34,963	1,827,569	196,267	3,503,120	1,850,558	37,226	1,887,784	161,879	3,599,865
State Operations	12,038	1	12,038	1	1	11,493	1	11,493	1	:	11,823	:	11,823	:	1
State Operations	1,490,054	500,070	1,990,124	5,176	244,418	1,488,465	520,560	2,009,025	14,456	239,061	1,546,088	516,816	2,062,904	5,000	238,834
Totals, California State University	1,490,054	500,070	1,990,124	93,054	244,418	1,488,465	520,560	2,009,025	232,567	239,061	1,546,088	516,816	2,062,904	135,938	238,834
State Operations	6,644		6,644	125	560	6,408	1 1	6,408	200	501	6,791	' '	6,791	5,563	501
Totals, California Maritime Academy	6,644	1	6,644	125	999	6,408	1	6,408	200	501	6,791	1	6,791	5,563	501
State Operations	1	2,197	2,197	1	841	1	2,948	2,948	ı	1,196	1	3,503	3,503	1	1,251
State Operations	3,023	31	3,054 142,831	1 10	331,814	3,129	1 1	3,129	1 1	309,330	3,218	1 1	3,218	1 1	314,099
Totals, Student Aid Commission	145,854	31	145,885	1	344,817	203,396	1	203,396	t	322,448	226,869	:	226,869	1	327,217
State Operations	116,135	1	116,135		*	109,547	;	109,547		1	137,016	1	137,016	:	1
Totals, Higher Education-UC, CSU and Other .	3,651,755	526,958	4,178,713	188,073	4,033,976	3,614,437	558,471	4,172,908	429,034	4,074,407	3,781,676	557,545	4,339,221	303,380 4	4,175,749
TOTALS, EDUCATION State Operations Capital Outlay Cuclassified Cuclass	21,310,254 4,139,308 17,170,946	558,221 542,498 15,723	558,221 21,868,475 542,498 4,681,806 15,723 17,186,669	2,840,827 6,154 2,529,882 304,791	6,136,538 1 4,080,217 2,056,321 1	18,821,049 4,068,430 14,752,619	599,876 574,884 24,992	19,420,925 4,643,314 14,777,611	862,640 15,448 205,038 642,154	6,379,904 2 4,124,705 2,255,199 1	20,922,155 4,406,627 16,515,528	591,054 2 573,939 17,115 1	21,513,209 1,901,072 4,980,566 6,027 16,532,643 1,418,318		6,492,556 4,225,990 2,266,566
GENERALGOVERNMENT															
General Administration Office of Criminal Justice Planning State Operations	3,745	2,030	5,775	: :	2,047	3,461	1,460	4,921	: !	2,291	3,505	1,467	4,972		2,378
Totals, Office of Criminal Justice Planning	25,405	17,648	43,053	:	59,114	31,485	12,476	43,961	;	61,549	25,180	17,713	42,893	ı	60,426
State Operations		12,746 25,220	12,746 25,220	1 1	1 1		13,706 20,610	13,706 20,610	: :			14,046	14,046		: :
Totals, Comm on Peace Officer Stds & Train	1	37,966	37,966	1	1	ı	34,316	34,316	1	ı	1	33,538	33,538	1	1

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND Schedule 9

(dollars in thousands)

FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

		,	Actual 1992.	.93			Es	Estimated 1993-94	3-94			Esti	Estimated 1994-95	1-95	
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal Funds
State Public Defender State Operations	7,967	ŀ	7,967	;	:	8,227	1	8,227	ı	1	8,529	ı	8,529	ŀ	ł
Local Assistance	4,000	ł	4,000	;	ł	90009	1	000'9	ŀ	ı	9000	ı	9000	1	1
State Operations	445	:	445	ı	:	462	:	462	ŀ	:	238	1	238	;	t
State Operations	2,095	' '	2,095	: :	432 523	1,870	: :	1,870		461 804	1,898		1,898	1 1	447
Totals, California Arts Council	12,542	1	12,542	;	955	12,341	:	12,341	1	1,265	12,504	ŀ	12,504	;	1,105
State Operations	225	1	225	;	:	233	:	233	1	ı	241	1	241	;	;
State Operations	3,805	;	3,805	;	١	4,143	ı	4,143	1	1	4,301	1	4,301	1	:
State Operations Actautoms Doard State Operations	4,359	;	4,359	;	;	3,911	1	3,911	ì	:	4,042	ı	4,042	1	;
State Operations	117,882	25,406	143,288	ŀ	19,214	125,191	34,930	160,121	ŀ	21,729	140,509	41,242	181,751	:	22,209
State Operations	5,727	;	5,727	:	1	5,240	1	5,240	1	ı	5,385	1	5,385	1	1
CA Cutzens Compensation Commission State Operations Workers Compensation Benefits	4	1	4	;	ı	51	1	51	ı	ŀ	30	i	30	ı	i
Subsequent Injuries State Operations	5,392	1,827	7,219	;	:	5,907	2,900	8,807	ı		5,907	2,900	8,807	ŀ	1
Local Assistance	637		637	1		663	1	663			663		699	-	-
Totals, Workers Compensation Benefits	138,031	27,233	165,264	;	19,214	145,339	37,830	183,169	;	21,729	161,078	44,142	205,220	i	22,209
State Operations	1	1,334	1,334	ŀ	1	:	1,513	1,513	1	1	1	1,513	1,513	1	1
State Operations	;	277	277	;	;	i	483	483	ŀ	1	:	471	471	i	:
State Operations  California Auctioneer Commission	1	1,249	1,249	;	1	;	1,417	1,417	ł	:	1	1,515	1,515	1	1
State Operations	1	112	112	;	1	ŀ	12	12	ŀ	:	ı	1	;	1	1
State Operations State California Exposition and Faire	!	7,027	7,027	;	1	:	6,948	6,948	1	:	:	926,9	976,9	ŀ	;
State Operations  Total Department Food and Ag	1	302	302	;	:	1	1	1	ı	·	i	265	265	ŀ	:
State Operations	54,547	61,873 45,058	50,748	1 1 1	3,124	57,083	68,980 41,924 189	126,063 47,451 189		4,205	63,614 5,422 69	70,412 46,404	134,026 51,826 69		4,130
Totals, Total Department Food and Ag	60,237	106,931	167,168	1	3,124	62,610	111,093	173,703	ı	4,205	69,105	116,816	185,921	ı	4,130

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

		,	Actual 1992-	.93			Est	Estimated 1993-94	-94			Esti	Estimated 1994-95	-95	
	General	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Fair Political Practices Commission State Operations	4,249	;	4,249	:	1	4,378	1	4,378	;	ı	4,542	1	4,542	;	1
Follical Resolution Act of 1574 State Operations	:	:	:	ı	١	;	ı	1	1	1	2,140	1	2,140	;	:
State Operations	;	75,765	75,765	1	130	١	79,325	79,325	1	275	:	82,472	82,472	;	130
State Operations	804	129,79	68,475	:	24,034	44,837	58,057	102,894	1	15,285	860	88,199	89,059	1	15,285
State Operations	628	1	628	ı	:	178	ŀ	178	;	١	1	1	1	1	ŧ
State Operations	426	1	426	ı	ı	280	ł	280	ı	;	595	;	595	1	ŀ
State Operations State Organizations	584	1	584	1	:	584	:	284	;	:	763	;	763	ŀ	1
State Operations	432	:	432	1	ı	408	1	408	ı	;	418	;	418	;	ı
State Operations	459	1	459	1	:	406	:	406	:	:	419	1	419	;	:
State Operations	16	1	91	1	:	<u>19</u>	ŀ	101	ı	ŀ	94	;	94	1	ı
State Operations	1,355	231	1,586	1	:	7,589	;	7,589	1	:	7,898	1	7,898	1	;
State Operations	21,874	1	21,874	ı	;	20,421	:	20,421	:	:	21,031	;	21,031	:	;
State Operations	ł	ı	1	1	1	200	ł	200	1	ı	474	1	474	ł	;
State Operations	490	'	490	1	:	513	:	513	*	:	528	1	528		:
Totals, Commission on State Mandates	490	1	490	:	ı	513	1	513	:	:	528	ı	528	١	ı
Military Departures	2,037	:	2,037	ı	:	1,860	ŀ	1,860	:	:	1,940	1	1,940	ı	;
Capital Orday	17,568	54 454	17,622	: : :	22,866 36,914 367,200	16,728	150 8,590	16,878		36,212 56,044 340,250	5,080	150	5,080	2,364	28,468 18,626 347.700
Totals, Military Department	17,568	208	18,076	:	426,980	16,728	8,740	25,468	ı	432,506	22,744	150	22,894	2,364	394,794
Local Assistance	23,469	30	23,499	:	:	21,949	1,543	23,492	1	:	6,236	1	6,236	ı	1
State Operations	29,467	1	29,467	-	1	22,758	1	22,758	:	:	24,480	111	24,480	  - 	1
Totals, General Administration	352,560	344,584	697,144	ı	533,551	409,957	353,753	763,710	;	536,814	377,796	393,770	771,566	2,364	498,079
Local Assistance Senior Citizens Property Tax Assistance	2,315	ı	2,315	;	:	2,268	ı	2,268	ı	ı	2,268	:	2,268	ı	:

#### COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

		Federal Funds	ł	1	;	;	;	;	1	1	1		1		1	1	250		90,000	100		3,500	1		:	ı		1	i	i		1	1	1	:
;	1-95	Selected Bond funds	i	;	1	;	;	1	;	:	1		2,000		:	1	i		1	;		1	١		1	ţ		:	;			1	ł	1	;
	Estimated 1994-95	Budget Total	16,000	14,000	369,300	36,000	1	370	:	437,938	437,938		2,000		0,040	850	1		1	;		:	1		2,131,499	1	0.00	720	285,859	207 780	601,104	129,214	297,178	2,533	:
1	Est	Special	:	:	1	;	;	;	;	:	;   ;		1		2,040	850	1		1	i		1	1		2,131,499	1		;	285,859	207 780	601,102	129,214	297,178	2,533	1
		General Fund	16,000	14,000	369,300	36,000	1	370	:	437,938	437,938		2,000		:	:	1		1	;		1	1		;	1	0	007	;			1	;	1	1
		Federal Funds	ł	1	1	1	1	1	:	:	;   '		ł		:	1	250		000'09	100		3,500	;		:	ţ		:	;	1		;	;	٠	:
	-94	Selected Bond funds		i	:	1	;	i	:	:			2,000		:	ı	1		1	;		:	ı		:	;		!	:	1	:	:	:	;	ı
	Estimated 1993-94	Budget Total	14,500	14,000	365,600	35,302	30,000	370	25,000	487,040	487,040		8,072		000,5	820	1		1	:		;	;		2,245,704	;	0.00	007	283,322	305 366	000,000	128,390	278,246	2,533	698,700
	Est	Special	:	:	:	;	;	:	:	:	:		1		0000	850	;		ı	:		1	1		2,245,704	ł		:	283,322	205 366	000,000	128,390	278,246	2,533	698,700
	1	General Fund	14,500	14,000	365,600	35,302	30,000	370	25,000	487,040	487,040		8,072		:	;	;		;	:		;	;		- 7	;	0.00	007	;		1	;	:	1	:
		Federal Funds	;	1	1	1	;	;	:	:	   <b>:</b>		1		:	1	213	;	59,581	126		3,457	1		;	t		:	;	1		!	1	:	:
,	93	Selected Bond Funds	:	1	:	1	;	ł	+	:	1		1		1	i	ı		1			1	i		i	i		:	ŀ	1	:	ı	ŀ	ŀ	ł
	~·I	Budget Total	11.982	12,653	361,979	13,872	403,778	288	:	806,867	806,867		9,705		2,303	44	!		!	;		:	2,404		2,145,791	3,498	e e	0/1	277,601	201 677	10,104	125,805	234,983	2,627	1
	1.	Special funds	١	1	1	1	;	ŀ	:	:	:		ŀ		3,303	44	ı		:	;		1	2,404		2,145,791	3,498		:	277,601	201 677	/ (0,102	125,805	234,983	2,627	:
		General Fund	11,982	12,653	361,979	13,872	403,778	288	:	806,867	806,867		9,705		2	:	ţ		:	1		:	:		- 1	:	00.00	9/1		;		1	ı	;	ı
			Senior Citizens Property Tax Deferral	Senior Citizens Renters Tax Assistance	Homeowners' Property Tax Relief	Subventions for Open Space	Renters' Tax Relief	Substandard Housing	Property Tax Admin -Pending Legislation.	Totals, Local Assistance	Totals, Tax Relief	Local Government Aid Local Government Financing	Local Assistance	Apprinmnt-Hwy Properties Rental Receipt	Local Assistance	Local Assistance	Apprinmit-red Kepts F100d Conti Lands Local Assistance	Apprinmnt-Fed Receipts-Forest Reserves	Local Assistance	Local Assistance	Apprtnmnt-Fed Potash Lease Rentals	Local Assistance	Local Assistance	Apprinmnt-Motor Vehicle License Fees	Local Assistance	Local Assistance	Apprinmnt- Indeland Revenues	Apprinmnt-MV Fuel Tax-County Roads	Local Assistance	Apprtnmnt-MV Fuel Tax-City Streets	Apprinmnt-MV Fuel Tax-Co Rds & City Sts	Local AssistanceAnnum. MV Biel to Co&Cit-St&Huv Pim	Local Assistance	Apprunint-Geomermal Resources Develop .  Local Assistance	Apportionments for Public Safety Sycs Local Assistance

#### COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued Schedule 9

			Actual 1992-93	-93				Estimated 1993-94	3-94				Estimated 1994-95	1-95	
	General Fund	Special funds	Budger Total	Selected Bond Funds	Federal Funds	General	Special funds	Budget Total	Selected Bond funds	Federal	General	Special funds	Budget Total	Selected Bond funds	Federal
Totals, Shared Revenue	989'698	2,998,825	3,868,511		63,377	540,069	3,848,154	4,388,223	5,000	63,850	473,904	3,058,567	3,532,471	5,000	63,850
Totals, Local Government Aid	9,883	9,883 2,998,795	3,008,678	ı	63,377	8,322	3,846,611	3,854,933	2,000	63,850	5,250	3,058,567	3,063,817	5,000	63,850
Payment of Interest on PMIA Loans State Operations	1,072	1	1,072	ŀ	:	5,000	!	2,000	ı	1	2,000	1	5,000	1	1
State Operations	184,608	:	184,608	;	1	330,000	:	330,000	ł	1	330,000	:	330,000	ł	1
State Operations	1	:	1	:	:	:	1	: [	:	'	12,000		12,001	1	1
Totals, Debt ServiceStatewide Expenditures	185,680	1	185,680	:	I	335,000	1	335,000	1	1	347,000	-	347,001	1	1
Health Benefits for Annultants State Operations	292,685		292,685	1	:	316,550	:	316,550	1	ı	329,102	1	329,102	:	1
State Operations	3,888	1,215	5,103	89	901	21,560	1,916	23,476	310	102	2,201	1	2,201	:	:
State Operations	:	1	1	;	1	-3,500	-1,820	-5,320	-140	-1,400	43,851	5,139	48,990	-280	-2,800
State Operations	1,431	115	1,546	1	257	:	1	1	1	1	;	;	1	:	1
State Operations	;	1	ı	;	1	1,500	1,500	3,000	1	1	1,500	1,500	3,000	;	ı
Capital Outlay	;	150	150	;	:	:	300	300	:	ł	;	200	200	:	:
Neserve for Encontrolances Unclassified	17,461	:	17,461	;	ı	;	;	1	1	1	1	1	1	:	1
State Operations	-183,088	\$6 <u>7</u>	-182,524	:	:	-186,200	694	-185,506	25	-	-163,842	838	-163,004	14	1
Totals, Statewide ExpendituresStatewide Savings	132,377	2,044	134,421	89	363	149,910	2,590	152,500	195	-1,297	212,812	7,677	220,489	-266	-2,800
General Fund Credits from Federal Funds State Operations	-36,894	1	-36,894	ı	ı	-34,826	1	-34,826	:	;	-35,451	1	-35,451	1	1
State Operations Savings Treposus  State Operations	-488,517	1	-488,517	:	:	-339,000	1	-339,000	1	1	-310,000	1	-310,000	;	1
State Operations  Local Assistance	1 1		: :	: :	: :	-5,000	1 1	-5,000	: :		-5,000	: :	-5,000	: :	: :
Totals, Estimated Unidentifiable Savings	1	1	1	;	1	-50,000	ı	-50,000	ı	:	-50,000	1	-50,000	;	;
State Operations	:	1	1	ı	1	-25,000	1	-25,000	1	:	-75,000	-26,000	-101,000	-2,000	-20,000
Totals, Statewide Savings	-525,411	1	-525,411	i	1	-448,826	1	-448,826	:	:	470,451	-26,000	-496,451	-2,000	-20,000

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND FISCAL YEARS 1992-93, 1993-94, AND 1994-95--Continued

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995 (dollars in thousands)

Fund	Reserves June 30, 1992	Actual Income 1992-93	Actual Expenditures 1992-93	Reserves June 30, 1993	Estimated Income 1993-94	Estimated Expenditures 1993-94	Reserves June 30, 1994	Estimated Income 1994-95	Estimated Expenditures 1994-95	Reserves June 30, 1995
GENERAL FUND	-2,287,081	40,946,452	40,948,274	-2,288,903	39,743,265	39,347,428	-1,893,066	41,128,631	38,788,054	447,511
SPECIAL FUNDS SPECIAL ACCOUNTS:		•								
Property Acquisition Law Money Account	529	2,294	1,487	1,336	2,143	1,709	1,770	1,722	1,736	1,756
Motor Vehicle Parking Facil Moneys Acct	294	3,677	3,792	179	4,358	4,471	99	4,559	4,559	99
Breast Cancer Fund	1		1	1	18,100	17,196	904	34,400	32,747	2,557
Access for Handicapped Account	27	1,449	1,121	355	1,750	1,327	778	1,750	118'1	1,217
Boxers Pension Account	I	50	20	13	50	20	1	21	21	1
Hazardous Materials Enforce Train Acct	8	1 907	1 8	1,500	- 26	8	12	- 3	8	13
Attorney General Antitudst Account	067	1,807	464	809'1 575 1	867	208	ckc,1	1 002	1 000	989
Hazardous Waste Control Account	10,011	61,421	50,492	20,940	71,622	82,954	809.6	72,000	80.126	1.482
Firearms Safety Training Fund Special Ac	I	230	1	230	832	1,062	1	720	720	
Subsequent Injuries Moneys Account	40	1,871	1,827	84	2,900	2,900	84	2,900	2,900	28
Fingerprint Fees Account	∞	16,104	16,108	4	19,720	19,724	1	20,474	20,474	1
Site Remediation Account	1	T į	1 !	T §	4,544	4,544	1 }	1,703	1,703	1 }
Calif State Law Library Special Account	1 ;	308	191	137	520	520	137	535	535	137
Emergency Telephone Number Acct, State	302	63,483	59,748	15,610	51,738	66,119	1,229	67,429	66,569	2,089
I saking Undramd Stor Tank Cost Recovery	700	3	ا ر	130	10.868	3.818	7.050	3 000	7 547	5 503
Motor Vehicle Insurance Account, State	4,094	18,820	23,548	-634	16,791	15,312	845	19,448	17.783	2.510
Tax Relief and Refund Account	. 1	. 1	53	-53	I	137	-190	1	1	-190
Nuclear Planning Assessment Special Ac	247	2,498	2,015	730	2,006	2,736	1	2,891	2,891	1
Energy Conservation Assistance Ac, State	6,983	-4,600	-1,032	3,415	210	3,121	504	264	879	140
Geothermal Resources Development Account	15	4,370	4,356	29	4,433	4,433	29	4,433	4,433	29
Surface Mining and Reclamation Account	827	1,741	1,815	753	481	1,234	8	2,000	1,421	579
Special Account for Capital Outlay	-16,757	14,687	17,663	40,267	11,869	51,837	299	1,650	200	1,749
Occupational Lead Poisoning Frey Acct, OF  Export Document Program Find	844	95.1	1,1/4	1,216	124	1,650	/0 <del>1</del>	1,4/0	1,805	77
Auditor General Fund	1.166	-1.166	1	I	<u>i</u>	<u> </u>		<u> </u>	3	
Dept of Justice Sexual Habitual Offender	1	517	105	412	1,563	1,694	281	1,575	1,574	282
Large Water Systems Account	996	3,720	4,686	I	1	1	1	1	1	ı
Commodity Merchant Account	38	I	I	38	I	I	38	1	1	38
Mine Reclamation Account	38	928	826	140	1,170	1,188	122	1,136	1,138	120
Seismic Hazard Identification Fund	278	1,246	1,381	143	1,199	1,342	1 3	616	916	1 :
Real Estate Apptaisers Regulation Fund	2,602	0,453	060,2	9,421	/60	9,0,6	0,994	1,869	3,472	5,441
Local Jurisdiction Energy Assistance	3 289	152	571	2 870	l va	1 374	1 557	114		5 1
Air Toxics Inventory and Assessment Acct	603	3.032	3.472	163	5.200	5.226	137	5.009	5.017	129
Solid Waste Disp Site Clnup & Maintne Ac	18,732	4,980	10,939	12,773	-12,773	3	1	1	:	1
Underground Storage Tank Tester Account	∞	58	10	26	. 65	98	35	65	16	6
Assistance for Fire Equipment Acct, State	125	16	9	210	100	100	210	100	100	210
Supercomputer Center Account	I	1,700	1,700	I	I	1	I	1	1	1
Petro Undergrid Storage Tank Financ Acct	8,013	4,228	1,779	10,462	4,297	3,834	10,925	4,391	3,996	11,320
Seismic Gas Valve Cert Fee Acct	,02 A	ę <del>4</del>		316	C7 02	%	339	80	8	363
		•		,		2		3	2	

Schedule 1

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995 (dollars in thousands)

Fund	Reserves June 30, 1992	Actual Income 1992-93	Actual Expenditures 1992-93	Reserves June 30, 1993	Estimated Income 1993-94	Estimated Expenditures 1993-94	Reserves June 30, 1994	Estimated Income 1994-95	Estimated Expenditures 1994-95	Reserves June 30, 1995
Manufactured Home License Fee Account	375	4,563 4,791 3,888	4,563 3,725 2,992	1,441	2,239 2,880 3,667	2,239 4,321 3,671	  416	2,295 4,809 3,867	2,295 4,539 3,867	270 416
Hazardous Substance Subaccount  Mortgage da & Tax Credit Allor  Site Oneration and Maintenance Account	20,292 5,026 2,494	17,797 2,324 9	37,249 1,197 120	840 6,153 2,383	4,682 4,137 9	5,522 1,663 137	8,627 7.255	5,008 -6,135 9	5,008 1,637 35	855
Dealers' Record of Sale Acct. Public Util Comm Transport Reimb Acct.	662 6.597	7,969	7,232	1,399	6,429	7,501	327	8,823	7,576	1,574
Publ Utilities Comm Utilities Reimb Acct	8,288	49,292	55,586	1,994	47,522	46,305	3,211	47,430	48,028	2,613
Energy Resources Programs Account	13,512	24,514	24,789	13,237	30,053	39,673	3,617	43,748	45,954	1,411
Narc Assist & Relinquish Crim Offend Fd	35	426	460		527	527	I	S <sub>4</sub>	54	1 <b>I</b>
Special Financing Account	156 103	-156 6	1 4	। छ	m	4	- 69	ا <i>د</i>	ا <i>د</i>	F 59
Underground Storage Tank Fund	2,946 364	374 151	889 254	2,431 261	-1,395 402	1,036	243	1,020	985	35 215
Mosquitoborne Disease Surveillance Acct	13	21	17	2.316	21	25	13	21	27	7
Garment Manufacturers Special Account	763	105	664	204	-154	20		125	20	75
Surface Impoundment Assessment Account	756 1,698	255 4,868	226 6,207	785 359	-478 7,870	307 5,637	2,592	200 6,817	194 5,084	6 4,325
Armory Discretionary Improvement Account	188 322	36 -322	54	170 —		150	8 1	S 1	S 1	30
Veterans Memorial Account	680	246	304	324	511	505	330	511	516	325
Hazardous Material Waste Enforc Tng Fd	6 2	9 6		3	3   5	}   8	[	١٩	1 8	I
Local Govt Geothermal Resource Subacct	4,898	20 -2,271	6 9	2,567	c 00i-	1,083	1,384	9 1,909	3,158	135
Higher Education Fees and Income-CSU	1	502,884	502,884	I	516,816	516,816	1	516,816	516,816	1
STATE TRANSPORTATION FUND: Aeronautics Account STF	318 116,898 7,920 355 53,285 1,893 1,317 46,842	4.287 1,845,430 1,082,516 194,298 -24 1,322 -16,054	4,557 1,942,750 1,073,411 528 185,199 -288 977 11,335	48 19,578 17,025 263 62,384 2,157 1,662 19,453	8,278 1,996,423 1,225,341 260 131,403 187 9,471	8.276 2,011,967 1,209,474 360 183,614 2,007 1,475 23,021	50 4,034 32,892 163 10,173 150 -	9,178 2,217,374 1,133,893 360 231,000 1,100 1,505 9,766	9,153 2,147,592 1,129,221 410 230,773 1,100 1,498	75 73,816 37,564 113 10,400 1,500
TRANSPORTATION TAX FUNDS:  Motor Vehicle Fuel Account, TTF	234,532	142,839 840,803 2,204,281	41,634 840,803 2,204,281	335,737	50,285 896,084 2,283,985	34,639 896,084 2,283,985	351,383	37,524 920,826 2,302,024	35,600 920,826 2,302,024	353,307

Schedule 10

**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995** (dollars in thousands)

Fund	Reserves June 30, 1992	Actual Income 1992-93	Actual Expenditures 1992-93	Reserves June 30, 1993	Estimated Income 1993-94	Estimated Expenditures 1993-94	Reserves June 30, 1994	Estimated Income 1994-95	Estimated Expenditures 1994-95	Reserves June 30, 1995
FEEDER FUNDS: Alcohol Beverage Control Fund Bank and Corporation Tax Fund Cigarette Tax Fund Inheritance Tax Fund Personal Income Tax Fund Personal Locome Tax Fund Description	4,201	23,691	17,185 34 18,807 5 5	6,506 -34 4,201 -5 -5	25,940	24,524 50 50 11	7,922 -84 -4,201 -1 -16	25,337	27,023	6,236 -84 4,201 -1 -16
OTHER GOVERNMENTAL COST FUNDS; Rail Accident Prevention & Response Fund	1 1 1	525 2,591 30,718	1,068	525 1,523 5,937	-525 1,951 30,817	3,033	1441	3,275	3,170	546 10,355
Barbering/Cosmetology Conting Fd, Bd of	1,382	6,028	5,836	1,574 	9,422 176 900 7,600	8,609 176 855 7,527	2,387 	10,061 258 900 7,600	9,162 258 830 7,471	3,286 — 115 202
Industrial Medicine Fund Childhood Lead Poisoning Prevention Fund Radon Contractor Certification Fund Construction Management Education Acct	=-	1,550 11,031 8 8	4,433	1,550 6,598 19	114 12,000 4 15	1,664 12,583 20 15	6,015	1,750 12,098 5 5	1,603 16,173 7	147 1,940 1
Cal-OSHA Targeted Inspection & Consult Used Oil Recycling Fund, California St Fire Marshal Licensing & Cert Fund Oil Refinery & Chem Plant Safety Fd, Cal Pesticide Regulation Fund, Dept of	9,813	18,045 	2,666 — — 129 26,539	15,379	4,000 17,543 1,758 500 19,386	3.860 18,505 1,429 407 28,568	14.417 329 136 2.976	8,410 20,709 1,302 500 28,124	8,402 34,133 1,482 421 30,127	148 993 149 215 973
Acupaticuture Acct, AG Fund	50,322 50,322 57 24 102 1,096	61,057 -2 - - 51 8,293	74,210 47 47 132 8,724	37,169 8 24 21 665	1,256 65,860 1 — — 8,466	83,000 9 2 12 9,131	20,029 ————————————————————————————————————	1,369 75,426 3 — — 9,323	84,810 	1,310 10,645 3 20 20 ———————————————————————————————
Wine Safety Fund	470 29 -4,170 6,665 1,090	514 88 8,602 22,701 -1,078	443 113 4,432 15,518	541 4 4 13,848	80 251 94 16,800	80 507 93  15,619	285 5 5 	158 572 95 — 17,200	158 569 94 16,640	288 6
Rural Economic Development Fund	2,187 88 88 1 1 1 676 15,928 184 140	524 11 1,166 71 -3 -3 -3 4,590 -3 12,549	1,800 231 69 725 314,120 4,774 118	911 99 935 935 3 1,401 1,401 19 19 4,210	398 -56 -69 -70 -70 -70 -70 -70 -70 -70 -70 -70 -70	-341 15 71 71 336,169 5 15,435	1,650 28 28 935 1 1,401 25,326 1 4,160	-1,650 -1,650 	356,411 6,443	13 935 13 13 1,401 10,265 8
Survivor	CTT+,	CFC,21	r0/,01	017,4	C0C,C1	004,01	4,100	067,61	C++,01	î.

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995 (dollars in thousands)

id Vital Record Improvement Project Fund	Reserves June 30, 1992 9.078	Income I992-93 4.557	Expenditures 1992-93	Reserves June 30, 1993	Income 1993-94 2.800	Expenditures 1993-94	Reserves June 30, 1994 4.304	Income 1994-95	Expenditures 1994-95	Reserves June 30, 1995
Vital Necoral Improvement Togeth Talla	9/6°	1 6	1 55	190,5	680	176.1	+069 680	1,360	1,400	5,438 640
Drinking Driver Program Licensing Trust	3.808	20,704	23,795	717	21,12	21.565	82 296	28.775	1,800	1.986
Soil Conservation Fund	116	1,078	1,054	140	700	840	1	586	196	24
Health Data & Planning Fund, CA	2,481	7,938	8,948	1,471	9,793	6,967	1,297	10,917	177.6	2,443
Water Fund, California	1,399	16,110	14,275	3,234	11,368	14,028	574	14,716	15,151	139
Commerce Marketing Fund	27 334			27	<u>3</u> I	<u>3</u> I	77 78 C	<u> </u>	102	21 21 22
Unitary Fund, California	1	55	55	;   }	ŀ	1	1		ı	<u> </u>
Chiropractic Examiners Fund	851	1,095	1,334	612	1,665	1,513	764	1,665	1,513	916
Collection Agency Fund	298	-298	1	1	1	ì	1	1	I	1
Assembly and Senate, Operating Funds of	21	1	1	21	1	1	21	1	1	21
Continuing Care Provider Fee Fund	216	324	264	276	367	364	279	385	383	281
Outer Cont Shelf Land Act Sec 8g Rev Fnd	3,241	19,645	17,477	5,409	14,748	20,157	1	1	1	1
Certification Acct, Consumer Affairs Fd	1	1	1	1	623	535	88	526	525	68
Delinquent Tax Collection Fund	-	913	913	-	404	404	-	405	404	2
Structural Pest Control Research Fund	328	75	126	772	74	103	248	85	114	219
Debt Limit Allocation Committee Fund, Cal	1,075	326	332	1,069	-157	391	521	-319	202	1
Corrections Training Fund	814	11,516	11,281	1,049	10,544	11,593	1	10,821	10,821	1
Debt Advisement Fund, California	1,668	640	1,063	1,245	849	1,266	828	819	1,244	403
Developmental Disabilities Prog Dev Fund	929	2,207	2,351	785	2,175	2,594	396	2,180	2,374	172
Competitive Technology Fund	8,395	-5,657	2,719	19	1	09-	79	287	396	1
Dispensing Opticians Fund	264	∞ <u>ς</u>	191	Ξ	321	238	194	72	234	32
Delta Floud Protection Fund	4,14	5,248	3,024	2,768	0,8/2	12,640	8	12,400	12,381	6. 5
Flood Sarety Fund	240	1,/31	1,929	42	2,100	2,109	33	2,110	2,049	<b>Z</b>
Driver Haming Fenanty Assessment Fund	14,935	-8,1/8	906	1,851	4,893	866	1 5	943	943	3
Environmental Laboratory Improvement Fnd	342	1,2/4	1,536	08 8	2,092	1,950	222	2,114	1,942	394
Registered Nurse Education Fund	/86	498	1,223	797	35/	619	1	929	929	1
Electromagnetic Field Study Fd,Hith Svcs	1/4	-1/4	1	1	I	1	1	1	1	1
Environmnt Enhanc & Mitigat Demo Prgm Fd	240	10,646	9,986	006	9,746	10,003	643	10,250	10,006	887
Employment Developmnt Dept Benefit Audit	4,577	7,724	6,948	5,353	4,780	7,237	2,896	9,062	8,667	3,291
Employment Development Contingent Fund	Ę, ;	13,490	12,459	1,000	30,011	30,011	1,000	33,341	33,341	1,000
Elicigy and resource rund	4 6	1417	3	5/-	13	1 5	1	1 :	;	3
ran and Exposition Lund	7,00,0	19,433	21,343	3,807	22,038	701'07	3,283	25,813	20,515	186,2
Mosts Diochors Domit End	7,467	11,08/	1,8/1	-3,123	12,434	6,385	970	17,71	12,717	975
7	C16'0	10,099	71/1	205,6	/00	10,109	I	11,770	11,392	384
Give and Arean Training Eurol Oalis	55	2,500	2,194	40/	-342	577	1 3	8	[	1 5
Francoke I topocing Eural Colifornia	121	1,2,1	2000	777	1,480	/15,1	185	cuc,1	1,5/3	/11
Of 11 dd	455	77.	388	/04	40/	3	1 3	;	1 3	8
Fish and Game Preservation Fund	15,481	71,902	71,769	15,614	73,181	77,231	11,564	72,115	76,074	7,605
Thirties residiation Account	01	1	1 3	01	1	1 :	9	1	10	1
Genetic Disease Testing Fund	5,033	39,070	37,009	7,094	44,916	46,138	5,872	60,378	62,397	3,853
Geology and Geophysics Fund	88 88	878	518	448	232	919	2	995	657	402
Fish & Wildlife Pollut Clnup & Abate Acc	737	284	427	594	245	473	366	245	421	190
Hearing Aid Dispensers Fund	68	446	202	30	529	487	72	539	476	135
Hazardous Liquid Pipeline Safety Calif	292	1,251	1,313	202	1,391	1.507	389	1441	1.561	569
						,, at-	100		* > > 6 *	

Fund

Schedule 10

## SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995 (dollars in thousands)

		Actual	Actual		Estimated	Estimated		Estimated	Estimated	
Fund	Reserves June 30, 1992	Income 1992-93	Expenditures 1992-93	Reserves June 30, 1993	Income 1993-94	Expenditures 1993-94	Reserves June 30, 1994	Income 1994-95	Expenditures 1994-95	Reserves June 30, 1995
Restitution Fund	6,376	62,667	67,701	1,342	57,412	58,488	266	88,733	88,197	802
Industrial Development Fund	3,694	7 :	318	3,374	-2,372	422	280	-375	205	I
Industrial Kel Construction Enforce Fd	11 609	91 594	88 061	15 142	115.565	110 405	20 302	50	50	21 330
Workplace Health & Safety Revolving Fund	1,138	871	1,199	810	006	1,348	362	006	843	419
Workers' Comp Administration Revolv Fund	407	16,041	15,090	1,358	16,118	17,476	I	18,508	18,508	1
Food Safety Account, Agriculture Fund	1,654	1,244	1,254	1,644	1,400	1,761	1,283	1,515	1,743	1,055
Environmntal Protection Trust Fund	en ;	1,936	882	1,054	888	1,942	I	2,900	1,978	922
The Recycling Management Fund, Calif	3,136	3,459	4,495	2,120	1,633	3,753	1	4,499	4,109	390
Low-Level Kadloactive waste Disposal Fnd	718	12 723	12 23		3,230	1,496	1,734	1,510	1,637	7,04,1
Dry Cleaning Fund		85	43	42	13,876	120	42	14,938	14,936	1 52
Cigarette & Tobacco Products Surtax Fund	1	461	461	! ]	469	469	!	688	688	<b>i</b>
Health Ed Acct, Cig & Tob Pr Surfax	32,031	104,129	124,889	11,271	95,033	104,178	2,126	89,202	86,762	4,566
Hospital Svc Acct, Cig & Tob Pr Surtax	-15	152,102	143,730	8,357	141,069	145,979	3,447	132,839	128,325	196'L
Physician Svc Acct, Cig & Tob Pr Surtax	8,737	25,461	29,625	4,573	22,191	25,735	1,029	19,825	18,577	2,277
Research Acct, Cig & 10b Pr Surfax	3,059	26,703	25,274	4,488	25,158	27,988	1,658	22,876	23,307	1,227
The located Acet Cia & Tob Pr Surfax	53,422	157,11	25,052	179'/	20,862	23,363	2,920	075,22	23,498	1,948
Local Agency Denosit Fund	20055	210	738	101	t 00.50	077	2,747	775	08,229	3,090
Loc Pub Prosecutors & Pub Defenders Tmg	93	760	788	65	850	787	128	863	790	201
Methadone Program Licensing Trust Fund	49	653	651	51	715	737	29	765	791	
Environmental Water Fund	338	61	21	336	-336	1	I	1	1	1
Mobilehome Park Revolving Fund	20	3,662	3,674	∞	3,686	3,647	47	3,702	3,668	81
Long Term Management Strategy Study Fund	1 8	297	131	166	190	160	196	190	217	691
Emrgney Sves Disast Adm Supprt Ac Ofc Of	2,053	5	2,787	-734	8	-734	3	!	1 !	1 9
Publicate & Loc Agney Disastr Respons Acc	26,062	-269	23,149	32,347	823	3,266	29,904	43	12,277	17,670
Succe and righway Accounter DA Fully	0/c,e	11:	5 G	6,973	995	4,637	4,698	987	3,240	1,/38
Nursing Home Admin St Lic Exam Bd Fund	239	579	386	432	121	431	122	632	443	311
Off Highway License Fee Fund	473	854	844	483	845	850	478	845	850	473
Habitat Conservation Fund	13,643	26,117	20,320	19,440	22,615	40,393	1,662	1	1,662	ı
Off Highway Vehicle Fund	22,013	13,527	21,181	14,359	12,258	23,105	3,512	22,729	26,241	1
Osteopathic Medical Bd of Calif Contin Fd	/91	468	277	. 58	477	483	52	492	471	73
Wetlands Conservation Ed Wildlife Rest	1 5	-1,033	1 %	-1,033	1,033		200	4	I	ا ي
Exposition Park Improvement Fund	1.488	1.700	2.479	502	1 952	2 166	495	1 952	2 142	308
Peace Officers Training Fund	2,790	38,836	37,511	4,115	30,201	34,316	1	33,538	33,538	3
Glass Processing Fee Account	29	22,245	19,171	3,103	20,173	20,173	3,103	20,323	20,173	3,253
Residential Care Facility for Elderly Fd	147	197	161	183	197	195	185	197	269	113
Hazardous & Idle-Deserted Well Abate Fnd	I	57	31	56	55	99	25	20	20	25
Physicians Assistant Fund	189	173	260	294	779	643	430	876	699	637
Recycling Market Development Rev Loan	50	5,033	5,000	33	4,909	4,942	T §	5,775	5,775	1 5
Decidential Forthwake Decement Eurid CA	1,043	2,559	3,185	417	2,502	2,700	219	2,700	2,807	112
Pilot Commissioners Fund	30,082	180,788	200,955	9,915	-234	2,757	6,924	1 20 1	1 515	6,924
Podiatry Fund	367	819	1,249	770	955	940	75	1,021	984	701
Professional Forester Registration Fund	137	136	141	132	159	166	125	26.	170	119

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995 (dollars in thousands)

	Reserves	Actual	Actual Expenditures	Reserves	Estimated Income	Estimated Expenditures	Reserves	Estimated Income	Estimated Expenditures	Reserves
Fund	June 30, 1992	1992-93	1992-93	June 30, 1993	1993-94	1993-94	June 30, 1994	1994-95	1994-95	June 30, 1995
Asbestos Consultant Certification Fund	-150	301	2	149	279	428	*	550	550	I
Private Postsecond & Vocation Ed Adm Fnd	308	3,011	2,228	1,091	2,545	2,952	684	3,115	3,503	296
Sate Drinking Water Account	95 96	784	CF C7	784	6,715	4444	55	7,572	7,572	55
rematal insurance rund	30,369	43,415	42,176	31,208	58,615	83,964	92,839	60,115	57,138	8,836
Tranmatic Brain Injury Fund	154	450	767'7	138	577,7	2,233	871	2,540	2,2/4	394 101
Finalitatic Diam Injuly Folia	330	337	385	102	181	300	<u> </u>	200	202	104
Major Rick Incurance Fund	13 340	30,000	21 221	12 110	161	30 653	101.8	20.000	35,000	2 20
Diesel Emission Reduction Find	365	101	437	1 079	+50,02 	793	9,100	00,00	1,220	3,100
Real Estate Find	11.555	16.044	23 360	4 239	25 146	25 951	3 434	26.094	027,1	2019
Respiratory Care Fund	399	1.129	1.181	347	1.295	1.284	358	1.467	1.387	438
Oil Spill Prevention & Administration Fd	13,352	20,119	17,567	15,904	17,362	29,320	3,946	20,914	22,557	2,303
Oil Spill Response Trust Fund	54,651	-1,103	I	53,548	-1,840	1	51,708	2,589	616'6	44,378
Electronic and Appliance Repair Fund	441	1,276	1,268	449	1,234	1,617	99	2,055	2,074	47
Athletic Commission Fund	I	909	826	27	674	701	I	1	1	I
Court Interpreters' Fund	I	12	12	I	46	46	I	20	20	1
Pub Sch Ping Desgn & Constr Rev Revlv Fd	I	8,356	5,438	2,918	10,800	10,880	2,838	11,055	10,534	3,359
Vehicle License Collection Acct, LRF	1	14,000	14,000	1	11,000	11,000	ı	11,000	11,000	1
Local Revenue Fund	I	308	308	I	367	367	I	1	I	1
Vehicle License Fee Account	I	679,573	679,573	1	715,927	715,927	I	Ì	I	I
Vehicle License Fee Growth Account	I	36,354	36,354	I	19,081	180'61	I	I	- comme	1
Reg Environmental Health Specialist Fund	282	-84	188	10	199	200	6	173	191	15
Savings Association Spec Regulatory Fund	4,449	-733	2,415	1,301	1	453	848	115	464	399
School Fund, State	I	27,112	27,112	I	13,240	13,240	I	13,240	13,240	1
School Building Lease-Purchase Fund, St	I	-25,345	-25,345	I	I	I	1	1	I	1
School Building Safety Fund	1 ;	300	300	I	346	346	1	225	225	1
School Land Bank Fund	7,621	I	m	7,618	1,400	-	9,018	4,936	I	13,954
Senate Operating Fund	878	1	I	878	I	495	383	1	1	383
Mental Health Subaccount, Sales Tax Acct	I	670,284	670,284	I	695,103	695,103	I	I	I	1
Social Services Subaccount, Sales Tx Acc	1	467,043	467,043	I	508,239	508,239	1	I	I	1
Health Subaccount, Sales Tax Account	1	153,916	153,916	I	187,805	187,805	I	I	I	I
Caseload Subacct, Sales Tax Growth Acct	I	34,920	34,920	I	I	I	1	1	1	1
Mandates Claims Fund, State	1,365	I	I	1,365	1	1,111	254	I	254	I
Base Restoration Subaccount, Sales TxGrw	I	64,984	64,984	I	20,678	20,678	1	1	1	I
Client Services Fund	I	1	I	I	I	I	1	2,858,600	2,858,600	1
Community services rund	60	}	1 60	1 ;	1 ;	1 ;	1 ;	740,600	740,600	1 ;
CD Other Days Below B. C. Commercial Co.	146,682	-51,026	760%	86,564	-59,975	675	25,914	I	I	25,914
Smooth Both Joseph P. Andie France Comments and Press Disast Factor	19,261	-19,26/	١	18	8	00	8	3	1 :	5
Higher Education Farthurake Account 1987	383	<b>‡</b>	162	3.755	301	308	83	334	310	10/
Dental Auxiliary Fund State	181	1 8	050,5-	2,73	1 165	000	1 22	1 224	9	195
Solid Waste Disposal Site Cleanup Tr Fd		<u> </u>	١	į	000.8	8.000	ξ	000 5	0005	8 1
Integrated Waste Management Acct	6,100	27.878	27.838	6.140	44.242	47.168	3.214	36,831	39,753	292
Parks and Rec Acct, St, Parks & Rec Fd	-4,420	82,362	71,366	6,576	90,248	95,592	1,232	84.086	85,080	238
Fines & Forfeitures Acct, Parks & Rec Fd	732	6	421	408	350	419	339	360	367	332
Coast Zone Construct/Convers, Prks Rec Fd	394	1	1	394	-394	1	1	1	I	1
Self-Insurance Plans Fund	1,649	1,498	1,674	1,473	599	2,072	1	2,803	2,803	1
State Police Fund, California	178	134	20	242	-133	109	I	110	110	I

Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1992, 1993, 1994 AND 1995 (dollars in thousands)

Fund	Reserves June 30, 1992	Actual Income 1992-93	Actual Expenditures 1992-93	Reserves June 30, 1993	Estimated Income 1993-94	Estimated Expenditures 1993-94	Reserves June 30, 1994	Estimated Income 1994-95	Estimated Expenditures 1994-95	Reserves June 30, 1995
Strong Motion Instrumentation Spec Fund Structural Pest Chrl Educ&Enforcemnt Fd Tax Preparers Fund Teacher Credentials Fund Teacher Credentials Fund Transportation Rate Fund Transportation Rate Fund Vehicle Inspection and Repair Fund Victim Witness Assistance Fund Undergroud Stonger Tank Cleanup Fund Victim Witness Assistance Fund Transportation Fund Teacher Fund Transportation Fund Fund Transportation Fund Transportation Fund Transportation Fund Fund Transportation Fund Transportation Fund Fund Fund Fund Fund Fund Fund Fun	3,400 141 391 2,043 1,619 1,33 504 6,235 866 94,462	1,325 125 127 1,227 8,307 3,789 300 22,492 72,699 14,258 14,258	3,339 197 1,298 7,942 4,569 20,184 73,748 15,122 15,122 11,122	1,386 69 320 2,408 839 104 2,812 5,186 131,667	2,377 148 1,258 8,503 3,979 200 21,429 73,378 11,562 8,1000 11,562	3,763 204 902 10,397 4,286 20,335 11,564 11,564 13,319	13 676 676 514 532 10 3,366 328 78,348	2,334 209 1,390 8,946 3,974 3,974 20,789 80,940 16,994 86,000	2,334 206 746 8,599 4,291 291 21,820 79,084 16,923 116,923	16 1,320 861 215 20 2,275 2,174 71
White Recreation Fund  White Recreation Fund Interim Public Safety Account, LPSF	, r	110	88	32	120 120 698,700	88 85 698,700	19	120	113	72
Accountancy Fund Architectural Examiners Fd, Cal St Bd Of Cemetery Fund Contractors License Fund Contractors License Fund Dentistry Fund, State Home Funish & Thernal Insulat Fd, Burea Dry Cleaning Account Licensed Midwifery Fund Licensed Midwifery Fund Landscape Architects Fund, Cal St Bd of Medical Board of Calif, Contingent Fd of Physical Therapy Fund Registered Nursing Fund, Board of Optometry Fund, State Pharmacy Board Contingent Fund Private Investigator and Adjuster Fund Private Investigator and Adjuster Fund Shorthand Reporters Fund Shorthand Reporters Fund Shorthand Reporters Fund Shorthand Reporters Fund Storcural Pest Control Fund Structural Pest Control Fund Veterinary Examiners Contingent Fund, Bd Vocational Nurses Account	2,528 1,547 1,847 993 306 972 77 77 226 6,197 2,001 3,001 1,210 1,210 1,210 1,210 1,210 1,210 1,210 1,310 1,336 2,53 2,53 2,53 2,53 2,53 2,53 2,53 2,53	7,755 2,817 2,817 2,817 4,079 4,079 2,693 4,593 6,40 3,723 3,494 4,983 3,494 1,564 1,564 1,564 1,564 862	8,109 3,316 3,316 3,316 4,101 734 2,537 29 4,20 25,866 25,866 9,646 7,77 7,77 7,77 3,551 8,168 4,82 3,473 2,117 8,168 3,465	2,174 1,048 1,048 1,128 1,128 1,130 3,130 1,385 1,138	8,777 3,720 3,720 3,080 697 1,569 1,569 1,916 989 1,016 989 4,090 5,239 5,825 5,825 5,825 6,836 848 848 848 848 848 848 848 848 848 84	8,926 3,723 3,723 3,723 3,723 3,723 4,692 8,24 2,675 1,042 1,191 1,042 1,191 1	2,025 1,045 1,1754 1,359 60 60 2,528 2,53 2,63 1,034 1,034 1,178 1,034 1,144 1	9,195 2,809 3,6576 8,23 6,576 8,23 3,242 1,044 12,258 1,044 12,258 1,044 14,431 4,431 2,5903 2,5903 3,102 3,102 3,102 3,102	9,162 3,766 3,766 3,347 864 2,826 7 7 4,839 11,728 1,228 1,228 1,228 1,228 2,073 5,073 5,073 5,073 5,073 5,073 5,073 5,073 5,073 7,74 8,638 1,75	2,058 88 88 88 1,402 2,588 19 442 6 6 2,54 1,986 1,98
UNSPECIFIED SPECIAL FUNDS: Augmentation for Employee Compensation Interest Payments to the Federal Govt		1111	1111		1   1	1,500	1,820		5,139 1 1,500 -26,000	-3,319 -1 -3,000 26,000
GRAND TOTALS	1,538,788	11,580,023	52,600,294	1,466,791	12,456,364 52,199,629	52,319,659	950,924	13,721,254	13,759,693	1,359,996

## STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY 1 (Dollars in thousands)

Totals	\$46,483 803 185,830 893,476 127,594	7,150 1,845 1,063,634 3,93518 5,547,375 1,205	143,795 73,502 112,324 18,046 99,200 93,471 831	4,898 16,165 14,594 1,102 24,00	33 12,449 12,642 14,637 492 55	56,699	69,852 89,104 85,404 7,786 215,046 89,35,88	1,242,560 1,242,560 8,459 \$11,184,553	\$137,698 1,284 84,024 186 322 30,650
June 30, 1993  Surplus Money Investment Fund	\$46,482 185,827 372,965 127,490	4,873 1,845 77,597 23,732 5,193 149,69	143,795 73,001 112,323 18,045 1,079 50,888 831	4,898 16,165 24,593 1,101 215	32 2,438 124,641 -	56,648	69,460 42,650 84,719 7,785 210,088 314,558	1,184,663 8,459 83,843,139	\$137,687 1,283 185 30,648
June 3 Securities	\$520,487	2,272 985,790 85,724 5,397,396	98,119 42,567	111111	11111	1 1	46,430	57,788 - - - - \$7,321,622	111111
Cash	252 233 104	247 1,062 1,062 1,205	501 1 16 16	25 - 14 - 12 - 25 - 25 - 25 - 25 - 25 - 25 - 25	1 11 14,637 492 55	51	392 685 1 10 10	109	\$11 84,024 322 322
Totals	\$48,111 - 163,202 1,040,649 121,540	7,182 1,563 1,264,897 304,124 7,722 5,015,600	182,393 9002 99,660 33,173 61,295 798	6,180 16,194 14,194 28,427 6,125	33 2,210 89,269 16,752 411 8,058	50,764	80,364 85,227 74,747 7,334 193,021 199,754	1,271,338 7,096 \$10,749,731	\$261,340 1,372 106,561 355 355 12,104
June 30, 1992  Due from Surplus Money Investment Fund	\$48,109 163,199 371,745 121,437	4,906 1,562 202,731 23,635 7,532 96,04	182,393 98,502 99,660 33,172 61,281	6,180 16,194 28,426 6,123 6,123	32 2,199 89,269 - -	50,713	79,970 49,439 74,060 7,334 197,995 12,343	5,915 1,212,120 7,095 83,831,746	\$261,330 1,371 355 12,103
Ju Securities	\$668,883	2,271 1,037,928 79,391 4,919,546	1111111	111111	111111	1 1	35,767	59,110 - - 86,887,995	111111
Cash	\$2 - - 103	5 1,098 1,098 1,008 1,352	. 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	0 1 1 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	11 16,752 411 8,058	51	394 21 687 2 11	108 1 \$29,990	\$10 1 106,561 335 335
Fund No. Nongovernmental Cost Funds	PUBLIC SERVICE ENTERPRISE FUNDS  1049 Toll Bridge Revenue Account, STF  107 Abandoned Vehicle Trust Fund  500 S.F. Bay Bridges—North  501 California Housing Finance Fund  502 California Water Resources Development Bond Fund  503 California National Guard Members Farm and Home Fund	of 1978  505 Affordable Student Housing Revolving Fund  506 Central Valley Water Project Construction Fund  507 Central Valley Water Project Revenue Fund  518 California Exposition and State Fair Enterprise Fund  519 First-time Home Buyer Fund	5.14 Employment Iraning Fund 5.16 Harbors and Watercraft Revolving Fund 5.18 Health Facility Construction Loan Insurance Fund 5.21 East Bay State Building Authority Fund 5.24 Los Angeles State Building Authority Revenue Fund 5.25 High Tech Education Revenue Bond Fund 5.26 California School Financing Authority Fund	Autentative Energy Authority Fund Mobilehome Park Purchase Fund Mobilehome Park Purchase Fund Main Street Program Fund Main Street Program Fund Main Street Program Fund Mobilehome Main Street Program Fund Mobilehome Mobi	559 Small Craft Harbor Bond Fund		Fund State University and Colleges Dormitory Interest and Redemption Fund S80 State University and Colleges Dormitory Revenue Fund S83 State University and Colleges Parking Revenue Fund S86 San Francisco Bay Bridges, South S88 Unemployment Compensation Disability Fund S90 Veterans Debenture Revenue Fund		048 WORKLING CAPITIES AND KEVOLVING FUNDS 601 Agriculture Building Fund 602 Architecture Revolving Fund 603 Armory Fund 605 Ballot Paper Revolving Fund 605 State Water Pollution Control Fund

Schedule 11—Continued

# STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY 1—Continued (Dollars in thousands)

	Totals \$75 6,974 2,200 2,541 11,340 1,553,914	336 456 456 456 4687 1,367 711,028 19,133 19,133 10,220,632 10,220,632 37,663 37,663 37,663 37,663 37,663 146	45,404 608 4,950 100,100 101,549 532 532 532 147 7,334 29,134 29,134 165,563 813,221,917	\$52,061 1454 7,957 123,147 13,296 188,662 8,862 188,662 1,292 4,636 1,194 13,194 1,377 1,3
30, 1993	Due from Surplus Money Investment Fund \$6,973 1,999 2,541 905,454	335 456 456 321 1,667 1,667 1,67 19,133 27,751 27,751 356 336	45,403 607 4,907 103,548 57 532 145 7,233 165,562 165,562	\$52,060 146,491 7,159 123,146 13,295 13,295 292 8,886 8,981 2,921 4,635 7,490 13,192 13,192 13,76 5,690
June 30,	Securities	1 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
	Cash \$75 \$75 11,340 127	14 928 1 1 711,028 1 10,220,632 1 10,220,632	29,154 803 100 101 29,154 803 811,096,463	\$ 798 1 22 1 1 21 1 1 2 1 1 2 2 2 4 4 5 6 3 9 6 6 3 9
	Totals \$75 7,830 2,341 1,415 759,094	2.64 445 445 701 306 2,102 6,13309 6,15309 6,254 10,497,103 10,497	63,156 9,545 111 65,522 34 510 557 6,576 130,590 134,462 812,754,577	\$254,123 11,401 16,723 16,723 16,723 291,664 2,833 2,833 6,192 1,106 1,106 1,001 1,001 1,001 1,546 3,486
June 30, 1992	Due from Surplus Money Investment Fund \$7,829 2,341	268 445 305 305 1,743 2,101 6,023 1,425 25,216 6,252 6,252	63,155 9,494 9,494 65,522 510 256 6,475 763 134,462 81,271,209	\$254,122 10,604 16,722 14,634 88,642 291,561 5,832 8,834 1,173 20,482 8,888 2,017 2,017
	Securities			
	Cash \$75   1,415   207 207 207 207 207 207 207 207 207 207	254 254 254 1 1 615,309 1 1 10,497,563 1 28,710	1 51 111 111 101 130,590 111,382,066	\$1 797_797_797_797_797_797_797_797_797_797
	Fund No. Nongovernmental Cost Funds 630 General Obligation Bond Expense Revolving Fund	Pervolving Loan Fund Revolving Loan Fund Rehabilitation Revolving Loan Guarantee Fund Service Revolving Fund State Clean Water Grants Administration Revolving Fund It Rural Health Services Account Child Health/Disability Prevention Treatment Fund State Payroll Revolving Fund State Water Quality Control Fund State Water Quality Control Fund State Water Quality Revolving Rund State Water Quality Rund State Water Quality Rund State Water Quality Rund State Water Quality Rund State Marer Revolving Account Marer Construction Revolving Account Stephen P. Teale CDC Revolving Fund Thomated Food Revolving Account	9 California Disaster Housing Rehabilitation Fund  1 Water Resources Revolving Fund  2 Water Resources Control Board Revolving Fund  3 Disproportionate Share and Emergency Services Fund  4 Petro Financing Collection Account  5 Grant and Loan Collection Account  6 Grant and Loan Collection Account  7 Consumer Affairs Fund  8 Home Purchase Assistance Fund  9 State School Bullding Adi Fund  9 California State Lottery Fund  10 Public Employees Health Care  11 Public Employees Health Care	BOND FUNDS  Clean Air and Transportation Improvement Fund  192 Higher Education Capital Outlay Bond Fund  School Facilities Bond Act, November 1990.  Razardous Substance Cleanup Fund  1986 County Correctional Facilities Capital Expenditure Fund  Home Building and Rehabilitation Fund  Community Parklands Fund  Health Science Facilities Construction Program Fund  Lake Tahooe Acquisition Fund  Lake Tahooe Acquisition Fund  Parklands Fund of 1980  Parkland Fund of 1980  Parkland Fund of 1980  Parkland Fund of 1980  Parkland Fund of 1980  Recreation & Fish & Wildlife Enhancement Fund  1984 County Jail Capital Expenditure Fund  1984 County Jail Capital Expenditure Fund  Senior Center Bond Act Fund  Senior Center Bond Act Fund  State Coastal Conservancy Fund of 1984
	630 632 632 648 660 660	6655 6655 667 667 683 683 683 683 683 683 683 683 683 683	689 690 690 693 702 8130 8130 8130	703 705 707 708 7110 722 723 723 723 723 723

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY 1—Continued Schedule 11—Continued

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0, 1993	Due from Surplus Money Investment	Land	1	1	1 1	\$3,779	37	37,319 35,334	91,668	34,279	3,367	73,914	23,546	150,926	92,541	10,567	8,527	24,973	55,279	84,30/ 4,598	19,037	25,693	37,992	\$1,642,366		1 1 5	\$3,389 403,185	250,365	\$650°,233	\$93,355	7,101	1 1	1 !	1 1	l I	1-1	ı
June 30,		Securines	1	ı	1 1	1 1	1	1 1	ı	1 1	1	1 1	1 1	1 1	1 1	1 1	1 1	I 1	1	1 1	1 1	1 1	ı		900 063	67,625	51,715,396	36,689,200	400,473,407	1	1 i	1 1	1 1	1 1	1	l i	I
	7,000	Cash	\$185	2,499	935	2112	3,379	<b>—</b> m		7	77	וו	54	۱۲	4 1		7	m-	•   •	7-	4	1 1	-	\$12,024	800	422	ı <del></del>	7153	1109	\$3	934	246 623	4,188	359	4,209	27,633	12,515
	F.	I Otals	\$188	3,705	3,000 935	7,510	376	23,879 11,095	24 172	54,175 55,162	2,079	343,773	14,044	725 0	44,440	68,496	27,570	37,346	89,544	2,812	96,451	32,070	60,549	\$2,014,948	850 33	66,068	49,207,733	34,321,517	363,004,200	\$98,689	1,000	32	4,825 647	421 956	1,205	94,891	7,433
June 30, 1992	Due from Surplus Money Investment	rund	1	227 63	93,000	7,509	352	23,879 11.094	24 171	55,160	2,079	343,771	13,827	272.0	44,439	68,495	27,567	37,344	89,544	2,587	96,448	32,069	60,548	\$1,999,413		\$65,680	356,560	268,361	\$022,310	\$98,686	02,030	1 1	1 1	ŧ	l <b>I</b>	t I	ı
Jun		securines	I	1	1 1	1 1	1	1 1	I	l 1	1	ŧΙ	1 1	1	1 1	1 1	1 1	1 1	1	1-1	1 1	l I	1		018 930	1	48,851,173	34,053,156 882,911,139	462,711,133	ı	1 1	1 I	1-1	1 1		1 1	1
	1	Casn	\$188	3,705	935		24	ı —	10	761	10	10.	217	10	<b>1</b> —		-61	-5	• 1	12	ကျ	-	-	\$15,535	6168	388	<b>⊸</b> 1	- 8557		83	1,000	32	4,825 647	421 9 <b>5</b> 6	1,205	94,891	7,433
	Fund No.	Jongovernmental Cost Funds 732 State Beach. Park. Recreational and Historical Facilities	Fund Factional and Historical Facilities	Fund of 1974	734 State Clean water Fund 736 State Construction Program Fund	737 State Clean Water and Water Conservation Fund	742 State, Urban, and Coastal Park Fund	743 State School Building Lease-Purchase Fund	745 School Facilities Bond Act, June 1992	747 Prison Construction Fund, 1988	748 Fish and Wildlife Habitat Enhancement	756 Passenger Rail Bond Fund of 1990	764 Clean Water and Reclamation Fund	765 School Facilities Bond Act, Nov. 1992	774 1990 School Facilities Bond Act.	776 School Facilities November 1988 Bond Act	785 Higher Education Capital Outlay Bond Fund, 1988	786 Wildlife, Coastal and Park Conservation Fund, 1988	788 California Earthquake Safety and Housing Rehabilitation	789 State School Building Lease-Furchase Bond Act, 1988	791 Higher Education Facilities Bond Act	794 California Library Construction Revolving Fund	rities Bond Fund of 1988	Total, Bond Funds			830 Public Employees' Retirement Fund	835 Leachers' Retirement Fund	manufacture of the control of the co	1KOS1 AND AGENCY FUNDS—FEDERAL 853 Petroleum Violation Escrow Account	Natz School Bus Fully 855 Used Oil Collection Demonstration Grant	850 Guaranteed Keturn 1 np Fund	862 State Child Care Facilities Fund	864 Lake Tahoe Assistance Fund 869 Consolidated Work Program Fund	870 Unemployment Administration Fund	888 State Legalization Impact Assistance Fund	890 Federal Trust Fund

Schedule 11—Continued

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY '—Continued (Dollars in thousands)

	Totals \$519 - \$204,345	\$1 1,881 10 6,387	738 289 289 21 921 795	22,997 21,643 128 128 9,098 20,98	2,531 53 24 778 10,915	120 15,913 2,337 1,212 127 18	117 18,302 18,302 115,755 111,241 1200	22,493 22,801 5,667 67,661 7,840 9,449,624	3,080 15,054
1993	Surplus Money Investment Fund	\$1,88 <u>1</u> 6,38 <del>7</del> 6	737 974 - -	22,997 21,642 126 126 9,098	2,530 53 - 777 46 10,914	213 213 25,912 2,337 1,211 126 18 510	18,292 18,292 115,754 2,995	15,800 5,662 5,662 167,660 7,839	15,053
June 30,	Securities -	1 1 1 1 1	111111	11111111	111111		11111111	\$22,110	1 1 1
	Cash \$519 - - \$53,223	\$1 10 1	289 289 58 921 795	1-1-1-8	24 - 1	-	117 107 803 111,241 11,241	5,001 5 1 1 1 1 8,449,624	3,080 1
	Totals \$558 143 \$273,865	\$21 2,420 10 5,865	711 262 1,693 289 924 179	25,276 20,651 . 1782 178 103,952 11,459	2,758 2,647 1,481 36,955	8,895 8,892 1,222 124 124	7,317 7,317 105,313 2,506 34,787 195	22,083 14,743 1,063 7,063 94,208 6,559 6,559 8,790,832	3,410 12,084
June 30, 1992	Surplus Money Investment Fund -	\$2,419 5,864 6	711 1,693 - -	25,275 20,650 1,382 175 103,951 11,458	2,758 27 1,480 36,954	8,891 283 1,222 123 19 935	7,306 7,306 105,313 2,506	14,743 7,057 7,057 94,207 6,559	12,083
Ju	Securities	11111	111111	1111111	111111		1111111	\$21,974 	1 1 1
	Cash \$558 143 \$112,541	\$21 10 10	262 229 58 924 179	1 - 974 67	2,647	14110	1,015 1,015 34,787 195	1 6 1 1 1 2 8,790,832	$\frac{1}{3,410}$
	Fund No. Nongovernmental Cost Funds 893 Offshore Energy Assistance Fund		811 Displaced Homemaker Emergency Loan Fund 812 Reader Employment Fund 813 Self-Help Housing Fund 816 Audit Repayment Trust Fund 817 Hazardous Substance Cleanup Financing Fund 827 California Alzheimer's Disease 824 California Export Promottion Account	826 Superfund Bond Trust Fund	840 California Motorcyclist Safety Fund 843 California Housing Trust Fund 845 Mental Heath Primary Prevention Fund 846 Public Awards Fund 847 Asset Forfeiture Fund 848 California Healthare Indigent Program 872 Mental Health Facilities Fund	8/4 Institute for Menta Uslease Account 886 California Senors Special Fund 896 County Medical Services Program 899 County Health Account 900 Local Health Capital Expenditure Account 901 Medically Indigent Services Account 902 Mining and Mineral Museum Fund 904 California Health Facilities Authority Fund	905 California Election Campaign Fund." 908 School Employees Fund. 909 Community College Instructional Improvement Fund 910 Condemnation Deposits Fund 911 Educational Facilities Authority Fund 912 Health Care Deposit Fund 913 Industrial Realtons Unpaid Wage Fund 914 Bay Fill Clean-Up and Abatement Fund	915 Deferred Compensation Plan Fund           916 Housing Insurance Fund           917 Inmates Welfare Fund           918 Small Business Expansion Fund           920 Litigation Deposit Fund           921 California Economic Development Grant and Loan Fund           922 Local Agency Investment Fund           923 Local Agency Investment Fund           924 Local Agency Investment Fund           925 California Business Reaction Fund	

Schedule 11—Continued

# STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY 1—Continued (Dollars in thousands)

	Totals	\$623 72,184 10,435 1,849 511 35,246	356 863 863 232,701 4,478 325 18	9,426 40,079 2,835 26,609 4,277 25	6,340 113 9,235 1,145 7,145	26,828 26,828 57,473 641	11/ 45 165 3,091 213	88 506 48 8,441	\$126,066,098	\$2,297,799	\$355,441 2,025 714,979	\$129,492,512
June 30, 1993	Due from Surplus Money Investment Fund	\$623 70,101 - 510 35,246	232,321 4,478 17	9,415 40,068 26,588 4,277	6,340 - - 1,144	- 66 641	165 3,090	87 506 8,440 8,440	\$8,703,232	\$1,458,650	1111	\$10,161,882
	Securities	\$2,075	711	2,799	11111	26,787 220 220	11111		\$96,518,112	\$1,928	1 1 1 1	20,594,859 162,510 \$117,277,409
	Cash	\$8 10,435 1,849	356 863 863 363 325 1	23 23 23 25 25 25 25 25 25 25 25 25 25 25 25 25	9,235 666 7,614	57,253	45	48 1 1 89 663 735	\$20,844,754	\$837,221	\$355,441 2,025 714,979	-20,594,859 -162,510 \$2,053,221
	Totals	\$2,323 69,329 1,849 4,019 35,865	1,087 1,087 1,293 4,293 1,793	9,239 39,153 1,886 131,663 4,240 25	8,740 1,389 12,775 1,834 2,559	28,043 28,043 138 21,388	1,34/ 1,34/ 1,50 3,820 205	83 588 48 48 8,538	\$119,339,030	\$2,415,193	\$485,034 7,026 925,147 78,521	\$123,249,951
June 30, 1992	Due from Surplus Money Investment Fund	\$2,323 43,518 - - 4,018 35,865	- - - - - - - - - - - - - - - - - - -	9,229 39,142 131,642 4,239	8,740  - 558	137 137 736	3,820	83 588 - 8,537	\$8,937,209	\$1,479,967	1111	- - 810,417,176
	Securities	\$25,801	191	1,736	11111	27,980 220 220	<b>!        </b>	1 1 1 878	\$89,978,994	\$70,515	1111	\$19,151,369 149,965 \$109,350,843
	Cash		089 1,087 43 342 1	10 1150 22 11 25	1,389 12,775 1,834 1,834	2	1,34/ 88 88 - - 205	48 48 88 138	lee l	\$864,711	\$485,034 7,026 925,147 78,521	-19,151,369 -149,965 -3,481,932
	Fund No. Nongovernmental Cost Funds	Housing Re Pollution C Trial Court Local Agen Homeowne Rental Hou	939 Nutrition Reserve Fund 940 Renewable Resources Investment Fund 941 Santa Monica Mountains Conservancy Fund 942 Special Deposit Fund 943 Land Bank Fund 945 California Breast Cancer Research Fund 946 Student Security Trust Fund 947 California State I Triust Fund		954 Student Loan Authority Fund 955 State Instructional Materials Fund 956 State School Site Utilization Fund 959 Foster Parent Training Fund 960 Student Tuition Recovery Fund 961 State School Inferred Maintenance Fund	962 Volunteer Firefighters Length of Service Award Fund 963 Teacher Tax Shelter Annuity Fund 965 Timber Tax Fund 970 Unclaimed Property Fund 972 Mobilehome Recovery Fund	973 Asbestos Abatement Fund. 974 Child Care Fund. 977 Resident-Run Housing Revolving Fund. 980 Urban Predevelopment Loan Fund. 981 California State World Trade Commission Fund. 982 California Urban Waterfront Area Resource Financing.	Authority 983 California Seniors Fund 984 Rural Community Facility Grant 985 Emergency Housing and Assistance Fund Toris and A sency Funds—Other	TOTALS, NONGOVERNMENTAL COST FUNDS	GOVERNMENTAL COST FUNDS Special Funds	Agency Bank Accounts Uncleared Collections Outstanding Warrants	Pooled Money Investment Account Time Deposits in Banks TOTALS, ALL FUNDS

<sup>1</sup> Only includes funds with balances.

# STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1993 GENERAL OBLIGATION BONDS (Dollars in Thousands) Schedule 12

(This statement does not include bonds issued undar authority of State instrumentalities that are not general obligations of the State of California)

Redemptions	\$19,990 12,960 74,940 23,265 26,880 34,270 \$192,305	\$70,955 149,580 67,375 14,070 4,255 1,160 49,395 2,015 11,655 11,655 17,760 57,750	344,075 182,110 6,840 310 81,192,275 \$225,500 173,135 30,410 \$429,045	\$30,450 17,750 \$48,200 \$2,435 90,475 78,000 220,750 117,500 75,085 88,355 30,900
Outstanding	\$130,010 2,040 225,060 126,735 561,820 554,830 \$1,600,495	\$268,045 133,420 97,625 57,930 53,745 22,840 500,605 163,875 14,985 38,345 59,155 63,240	\$5,925 93,890 81,160 11,690 \$1,788,725 \$24,500 76,865 287,590 \$388,955	\$69,550 32,250 \$101,800 \$301,465 429,565 172,000 274,250 172,000 274,250 182,500 345,915 690,645 292,100 \$292,100
Unsold	\$185,000 - 1,401,300 410,900 \$1,997,200	\$31,000 2,000 10,000 3,000 42,000 51,000 15,000 15,000 28,000 8,000 5,000	\$535,000 \$7,000 \$7,000 \$7,000	\$166,000 13,000 13,000 127,000 38,000 127,000 \$423,000
Authorized	\$150,000 200,000 300,000 150,000 1,990,000 1,000,000 \$3,790,000	\$370,000 285,000 175,000 75,000 100,000 776,000 65,000 100,000 85,000 85,000	\$250,000 \$250,000 \$3,516,000 \$250,000 \$250,000 \$250,000 \$25,000 \$825,000	\$100,000 \$9,000 \$150,000 \$45,000 250,000 495,000 300,000 817,000 450,000 817,000 817,000 817,000
Maturity	1990–2010 1988–1999 1990–2001 1991–2022 1991–2013	1985–2022 1982–2022 1982–2022 1986–2011 1991–2023 1991–2023 1991–2022 1986–2022 1986–2022 1986–2022	1967–2003 1988–2023 1991–2022 1991–2023 1978–2011 1978–2011	1986–2005 1986–2006 1991–2022 1988–2022 1986–2009 1983–2006 1983–2006 1983–2006 1983–2013 1991–2013
GENERAL FUND BONDS	PUSINESS, TRANSPORTATION AND HOUSING 788 California Earthquake Safety and Housing Rehabilitation Bond Act of 1988		733 State Beach, Park, Recreational and Historical Facilities Bond Act 742 State, Urban and Coastal Park Bond Act of 1976	HEALTH AND WELFARE  740 Hazardous Substance Cleanup Bond Act of 1984  729 Senior Center Bond Act of 1984  729 Total, Health and Welfare  YOUTH AND ADULT CORRECTIONAL  736 County Correctional Facility Capital Expenditure Bond Act of 1986  725 County Jail Capital Expenditure Bond Act of 1981  726 County Jail Capital Expenditure Bond Act of 1984  727 County Jail Capital Expenditure Bond Act of 1984  728 New Prison Construction Bond Act of 1984  729 New Prison Construction Bond Act of 1986  740 New Prison Construction Bond Act of 1988  751 New Prison Construction Bond Act of 1988  752 Total, Youth and Adult Correctional

# STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1993—Continued GENERAL OBLIGATION BONDS—Continued Schedule 12—Continued (Dollars in Thousands)

(This statement does not include bonds issued under authority of State instrumentalities that are not general obligations of the State of California)

Maturity Authorized Unsold Outstanding	1991–2011       \$75,000       \$39,000       \$33,265          1991–2023       800,000       84,000       630,465          1994–2023       800,000       56,000       673,615          1996–2011       800,000       53,294       306,706          1991–2023       800,000       55,000       700,510          1992–2023       1,900,000       756,000       1,121,345          1983–2023       500,000       756,000       1,121,345          1987–2011       450,000       -       245,175          1990–2011       800,000       -       666,800          1990–2011       \$7,825,000       \$1,583,294       \$5,389,891	1974–1997         \$160,000         -         \$12,750            1974–1998         155,900         -         27,225            1989–2011         400,000         -         322,500            1990–2023         450,000         92,000         320,180            1993–2023         450,000         666,000         227,210            1970–1991         65,000         -         -            1968–1993         230,000         -         -            \$2,960,900         \$780,000         \$1,421,795	1959–1994 \$1,050,000	1955–2001 \$2,140,000 \$40,000 \$74,900	1973–2023 \$1,750,000 \$169,000 \$1,180,915 1964–1998 \$60,000 - \$3,715	1958–2019 \$6,860,000 \$639,900 \$2,890,180 \\ \$10,810,000 \$848,900 \$4,149,710 \\ \$35,313,900 \$6,446,394 \$17,747,936
GENERAL FUND BONDS—Continued	EDUCATION—K-12  794 California Library Construction and Renovation Bond Act of 1988  774 1990 School Facilities Bond Act (Nov)  774 1990 School Facilities Bond Act (Nov)  775 1992 School Facilities Bond Act of 1988  776 School Facilities Bond Act of 1980  778 School Facilities Bond Act of 1990  778 School Facilities Bond Act of 1992  779 School Pacilities Bond Act of 1992  770 School Pacilities Bond Act of 1992  771 State School Building Lease-Purchase Bond Law of 1984  772 State School Building Lease-Purchase Bond Law of 1986  773 State School Building Lease-Purchase Bond Law of 1986  774 Total, Education—K-12	HIGHER EDUCATION 736 Community College Construction Program Bond Act of 1972 782 Health Science Facilities Construction Program Bond Act of 1971 782 Higher Education Facilities Bond Act of 1986 784 Higher Education Facilities Bond Act of June 1990 705 Higher Education Facilities Bond Act of June 1992 736 Junior College Construction Bond Act of June 1992 737 Junior College Construction Program Bond Act of 1968 782 State Higher Education Construction Program Bond Act of 1966 784 Total, Higher Education Construction Program Bond Act of 1966	GENERAL GOVERNMENT 736 State Construction Program Bonds	PARTIALLY SELF-LIQUIDATING BONDS 1 State School Building Aid Bonds	SELF-LIQUIDATING BONDS <sup>2</sup> California Water Resources Development Bond Act of 1959	VETERANS FARM AND HOME BUILDING BONDS Veterans Bonds

<sup>&</sup>lt;sup>1</sup>The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.
<sup>2</sup>The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective

debt service expenditures.

The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for San Francisco harbor development and \$10,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

#### Schedule 13-A STATE APPROPRIATIONS LIMIT SUMMARY (Dollars in Millions)

		1992–93			1993–94			1994–95	
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Schedule 8:									
Revenue and Transfers	\$40,946	\$11,580	\$52,526	\$39,743	\$12,456	\$52,199	\$41,129	\$13,721	\$54,850
Less/Add: Transfers	<b>-697</b>	592	<b>—105</b>	-564	415	149	-138	73	-65
Less: Revenues to Excluded Funds	_	-3,310	-3,310	_	-3,083	-3,083	_	-3,876	-3,876
Schedule 13-C:		-5,510	3,310		3,003	3,003		5,070	-3,070
Less: Non-Tax Revenue	-459	-333	<b>-792</b>	-383	-304	-687	-393	-286	-679
Schedule 13-D:									
Add: Transfers from Excluded to Included									
Funds	97	85	182	107	100	207	46	101	147
TOTAL, SAL Revenues and Transfers Schedule 13-E:	\$39,887	\$8,614	\$48,501	\$38,903	\$9,584	\$48,487	\$40,644	\$9,733	\$50,377
Less: Excluded Appropriations	-14,821	-2,872	-17,693	-12,674	-2,986	-15,660	-14,682	-2,876	-17,558
Subtotal, SAL Appropriations			\$30,808			\$32,827			\$32,819
Less: Federal Fund Recoveries	-	-	-	-	-	-	-1,700	-	-1,700
Total, SAL AppropriationsCALCULATION OF LIMIT ROOM:	-	-	\$30,808	-	-	\$32,827	-	-	\$31,119
Appropriations Limit (Sec. 12.00)			\$35,010			\$36,599			\$36,606
Less: Total SAL Appropriations			-30,808			-32,827			-31,119
Appropriation Limit Room/(Surplus)			\$4,202			\$3,772			\$5,487

#### Schedule 13-B STATE APPROPRIATIONS LIMIT REVENUES TO EXCLUDED FUNDS (Dollars In Thousands)

	(Donars III Thousan	us)		
Source		Actual	Estimated	Estimated
Code	Source	1992-93	1993–94	1994-95
	MAJOR REVENUES:			
110500		0400 150	#40E 727	£4#0.000
110500	Cigarette Tax	\$499,158	\$485,736	\$479,800
110900	Horse Racing Fees-Licenses	11,627	11,714	11,671
111100	Horse Racing Fines and Penalties	743	720	720
113600	Motor Vehicle License (In-Lieu) Fees		11,000	751,600
	Total, Major Taxes and Licenses	\$511,528	\$509,170	\$1,243,791
	MINOR REVENUES:	· ·		,,
	REGULATORY TAXES AND LICENSES:			
120200	General Fish and Game Taxes	\$1,849	\$1,618	\$1,500
120300	Electrical Energy Tax	42,025	42,866	43,723
120600	Quarterly Public Utility Comm Fees	76,251	71,538	70,558
120700	Penalties on Public Utility Comm Qtrly Fees	8	71,558	70,558
120900	Off-Highway Vehicle Fees	1,321	1,400	
121000				1,400
	Liquor License Fees	35,546	34,201	32,338
121100	Genetic Disease Testing Fees	39,284	44,916	59,780
121200	Other Regulatory Taxes	51,325	41,268	56,588
121300	New Motor Vehicle Dealer License Fee	1,483	424	1,475
121500	General Fish and Game License Tags Permits	60,987	61,402	63,354
122400	Elevator and Boiler Inspection Fees	8,352	8,367	8,367
122700	Employment Agency License Fees	414	434	675
122900	Teacher Credential Fees	7,228	7,296	7,488
123000	Teacher Examination Fees	3,808	3,979	3,857
123100	Insurance Company License Fees & Penalties	22,496	20,989	24,193
123200	Insurance Company Examination Fees	15,260	19,893	21,893
123300	Other Insurance Department Fees	27,545	25,620	25,620
123400	Division of Real Estate Examination Fees	3,513	2,173	·
123500		·		2,439
	Division of Real Estate License Fees	16,186	17,925	18,582
123600	Subdivision Filing Fees	4,111	4,460	4,969
123800	Building Construction Filing Fees	1,620	1,750	1,750
123900	Savings and Loan Licenses	1,584	-	-
124000	Savings and Loan Fees	23	-	-
124100	Domestic Corporation Fees	4,517	4,517	4,562
124200	Foreign Corporation Fees	1,859	1,860	2,253
124300	Notary Public License Fees	648	668	675
124400	Filing Financing Statements	1,976	2,112	2,133
125100	Beverage Container Redemption Fees	343,922	340,535	340,535
125300	Processing Fees	22,245	20,173	20,173
125400	Hazardous Waste Control Fees	56,563	63,241	61,173
125600	Other Regulatory Fees	501,140	337,500	366,865
125700	Other Regulatory Licenses and Permits	191,949	203,772	213,546
125700	Renewal Fees			
125900		101,504	104,752	114,694
123900	Delinquent Fees	2,225	2,190	2,231
	Total, Regulatory Taxes and Licenses	\$1,650,767	\$1,493,847	\$1,579,397
	REVENUE FROM LOCAL AGENCIES:			
130600	Architecture Public Building Fees	\$40,221	\$27,600	\$27,600
130700	Penalties on Traffic Violations	109,279	89,949	92,274
130800	Penalties on Felony Convictions	9,173	9,500	9,975
130900	Fines-Crimes of Public Offense	1,567	2,150	2,425
131000	Fish and Game Violation Fines	741	841	941
131100	Penalty Assessments on Fish and Game Fines	463	465	465
131200	Interest on Loans to Local Agencies	347	312	306
131600	Fingerprint ID Card Fees	18,305	21,587	22,334
131700	Miscellaneous Revenue from Local Agencies	1,067	1,585	1,554
	Total, Revenue from Local Agencies SERVICES TO THE PUBLIC:	\$181,163	\$153,989	\$157,874
140600	State Beach and Park Service Fees	\$50,040	\$56,900	\$56,900
		· ·	·	
140900	Parking Lot Revenues	5,519	6,183	6,384
141200	Sales of Documents	1,079	1,119	1,169
142000	General Fees—Secretary of State	7,660	7,960	8,040
142200	Parental Fees	2,119	2,100	2,100
142500	Miscellaneous Services to the Public	12,042	13,286	14,038
142800	California State University Fees	502,884	516,816	516,816
143000	Personalized License Plates	33,452	33,742	32,980
	Total, Services to the Public	\$614,795	\$638,106	\$638,427
	- 3-4-,	<b>40.1,775</b>	000,100	

#### Schedule 13-B STATE APPROPRIATIONS LIMIT REVENUES TO EXCLUDED FUNDS (Dollars In Thousands)

Source		Actual	Estimated	Estimated
Code	Source	1992–93	1993–94	1994–95
	USE OF PROPERTY AND MONEY:			
150200	Income from Pooled Money Investments	\$1,406	\$975	\$585
150300	Income from Surplus Money Investments	47,127	33,121	27,836
150400	Interest Income from Loans	1,252	1,367	903
150600	Income from Other Investments	206	67	124
151200	Income from Condemnation Deposits Fund	2	2	2
151800	Federal Land Royalties	21,318	21,552	21,552
152200	Rentals of State Property	778	744	629
152300	Miscellaneous Revenue from Use of Property & Money	8,224	8,338	8,369
152400	School Land Royalties	494	13	13
152500	State Land Royalties	74,224	11,869	<del>_</del>
	Total, Use of Property and Money	\$155,031	\$78,048	\$60,013
160200	Penalties and Interest on UI and DI Contribution	\$58,328	\$57,016	\$59,898
160400	Sale of Fixed Assets	43	25	25
160500	Sale of Confiscated Property	4,317	2,171	10
160600	Sale of State's Public Lands	29	2,171	-
161000	Escheat of Unclaimed Checks and Warrants	191	179	185
161400	Miscellaneous Revenue	56,164	55,097	56,324
161800	Penalties and Interest on Personal Income Tax	8,652	8,600	9,000
161900	Other Revenue—Cost Recoveries	3,851	13,871	11,561
164100	Traffic Violations	4,188	4,200	4,300
164300	Penalty Assessments	58,838	66,384	52,686
164400	Civil and Criminal Violation Assessment	2,457	2,579	2,707
	Total, Miscellaneous	\$197,058	\$210,122	\$196,696
	TOTAL, MINOR REVENUES	\$2,798,814	\$2,574,112	\$2,632,407
	TOTALS, Revenue to Excluded Funds			
	(MAJOR and MINOR)	\$3,310,342	\$3,083,282	\$3,876,198

#### Schedule 13-C

# STATE APPROPRIATIONS LIMIT NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT (In Thousands)

	199.	2–93	199.	1993–94		4–95
Revenue	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Candidate Filing Fee	\$52	_	\$587	_	\$52	_
Civil and Criminal Violation Assessment	193	_	193	_	195	_
Domestic Corporation Fees	_	_	-	_	_	_
Driver's License Fees	_	\$95,473	_	\$96,400	_	\$100,400
Elevator and Boiler Inspection Fees	153	-	150	-	150	-
Employment Agency Filing Fees	42		40	.=	40	
Employment Agency License Fees	439	28	430	27	430	27
Escheat of Unclaimed Checks and Warrants	3,419	29	3,598	30	3,598	30
Explosive Permit Fees	2	-	2	-	2	-
Filing Financing Statements	11	_	- 17	_	17	_
Fire Prevention and Suppression	2,267	_	200	_	250	_
Foreign Corporation Fees	2,207	_	200	_	230	
Forestry & Fire Protect Nursery Sales	252	_	200	_	20	_
General Fees—Secretary of State	99	_	99	_	100	_
Guardianship Fees	17	_	15	new .	15	_
Hazardous Waste Control Fees	_	14,058	_		_	_
Horse Racing Fees—Unclaimed Tickets	455	_	405	_	397	-
Horse Racing Fines and Penalties	90	_	89		88	
Highway Carrier Uniform Business License Tax	5,605	_	5,600	nee+	5,600	_
Identification Card Fees	_	6,564	-	5,900	-	5,900
Income from Surplus Money Investments	_	548	_	172	=	101
Industrial Homework Fees	5	_	5	-	5	-
Interest Income from Loans	_	6	-	-	-	-
Interest on Loans to Local Agencies	_	1,069	_	907	-	1,000
Liquor License Fees	10.166	_	0.000	_	0.000	_
Medicare Receipts from Fed Govt (Abol 7/1/87)	10,166 7,339	20,008	9,000 8,375	20,500	9,000 8,375	20,285
Miscellaneous Revenue from Use of Property and Money  Miscellaneous Revenue from Local Agencies	1,955	1,624	2,919	2,327	3,680	2,234
Miscellaneous Revenue	1,965	18,038	2,215	18,970	2,038	21,650
Miscellaneous Services to the Public	3,697	59,861	3,058	62,930	3,217	66,950
Narcotic Fines	1,933	-	2,117	-	2,117	-
Notary Public License Fees	_	_	· –	_	_	_
Off-Highway Vehicle Fees	-	2,396	_	2,400	_	2,400
Oil and Gas Lease—1% Revenue City/County	149	-	120	_	90	_
Open Space Cancellation Fee Deferred Taxes	2,343	1,225	3,200	985	3,200	985
Other Motor Vehicle Fees		844		830		830
Other Regulatory Fees	52,931	2,508	54,398	2,031	53,826	2,916
Other Regulatory Licenses and Permits	51,824	15,882	42,717	15,970	41,555	15,970
Other Regulatory Taxes	8,617	-68	8,099	_	9,045	_
Other Revenues—Cost Recoveries	730	1,798	15,000 730	-	15,000 730	_
Parking Lot Revenues Parking Violations	1	_	730	_	730	_
Pay Patients Board Charges	27,641	_	25,491	_	24,491	_
Penalty Assessments	15,722	2,081	15,569	3,900	15,569	4,000
Proceeds from Estates of Deceased Person	1,264		2,000	-	2,000	-
Receipts from Health Care Dep Fd (Abol 7/83)	37,739	_	31,484	_	31,484	_
Rentals of State Property	7,153	33,217	6,396	32,651	6,646	33,445
Retail Sales and Use Taxes	_	1,821	-	524	-	_
Revenue-Abandoned Property	195,556	-	118,000	-	118,000	-
Sale of Confiscated Property	7	-	7	-	7	-
Sale of Fixed Assets	1,675	_	1,233	-	964	-
Sale of State's Public Lands	89	1 212	1.022	1 200	2	1 400
Sales of Documents	373	1,212	1,022	1,308	1,022	1,408
School Land Royalties	12,420	_	82 18,176	-	29,975	_
State Land Royalties Uninsured Motorist Fees	1,560	_	10,170	_	29,913	_
Universal Telephone Service Tax	760		_		_	_
Waters-Edge Election Fee	, 55	53,268	_	35,300	_	5,300
TOTALS	\$458,710	\$333,490	\$383,041	\$304,062	\$392,993	\$285,831

#### Schedule 13-D

# STATE APPROPRIATIONS LIMIT TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS (In Thousands)

	Act 1992		Estimated 1993–94		Estimated 1994–95	
	General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
Transfers per Control Section 3.70, Budget Act of 1992	\$13,033	_	_	_	_	_
Transfers per Control Section 13.50, Budget Act of 1993	-	-	\$20,493	-	-	-
Transfers per Control Section 13.60, Budget Act of 1993	-	-	3,530	-	-	-
Transfers per Control Section 13.70, Budget Act of 1993	-	-	2,880	-	-	-
Transfers per Control Section 13.80, Budget Act of 1993	-	_	22,165		-	_
Transfers per Control Section 13.81, Budget Act of 1993  Transfers per Control Section 14.00, Budget Acts of 1991 and	~	-	10,362	_	_	-
1992	10,453	_	_	_	_	_
Transfers per Control Section 14.50, Budget Act of 1992	22,784	_	_	_	_	_
Energy Resources Surcharge Fund to Energy Resources Programs Account (Revenue and Taxation Code Section 40031)	_	\$42,025	_	\$42,866	_	\$43,723
Satellite Wagering Account to General Fund (Item 8570-013-						,
192, Budget Act of 1992) Emergency Telephone Number Account to General Fund	702	-	-	-	-	-
(Item 1760-021-022, Budget Acts of 1991 and 1993)	6,471	-	15,000	-	-	-
Auctioneer Commission Fund to General Fund (Item 8540- 011-114, Budget Act of 1992)	274	-	-	_	-	-
Vital Record Improvement Project Fund to General Fund (Item 4260-005-137, Budget Act of 1992)	1,500	-	-	-		-
Vital Record Improvement Project Fund to General Fund (Item 4260-005-137, Budget Act of 1993)	6,200	-	-	-	-	-
Insurance Fund to General Fund (Item 2290-011-217, Budget Act of 1992 and 1993)	10,000	-	-	-	-	-
Business Fees Fund to General Fund (Chapter 1059, Statutes of 1991)	4,609	-	3,917	-	\$3,408	-
Oil Spill Response Trust Fund to General Fund (Item 3600-011-321, Budget Act of 1992)	2,296	-	-	-	-	-
Savings Association Special Regulatory Fund (Item 2340-011- 337, Budget Act of 1992)	1,916	-	-	-	-	-
Emergency Clean Water Grant Fund to General Fund (Item 4260-005-486, Budget Act of 1993)	329	-	-	-	-	-
Local Government Geothermal Resource Subaccount to General Fund (Item 3360-011-497, Budget Acts of 1992 and 1993)	4,000	-	2,000	_	_	_
Alcohol Beverage Control Fund to General Fund (Business and Professions Code 25761)	11,428	-	7,561	_	7,001	-
Electromagnetic Field Study Fund to General Fund (Item 4260-005-182, Budget Act of 1993)	174	-	-	-	-	-
Licensed Midwifery Fund to General Fund (Loan per Chapter 1280, Statutes of 1993)	-	-	70	-	-	-
Surface Mining and Reclamation Account to General Fund (per Item 3480-011-035, Budget Act of 1993)	-	-	660	-	-	-
Rural Economic Development Fund to General Fund (per Item 2920-011-123, Budget Act of 1993)	-	-	268	-	-	-
Collection Agency Fund to General Fund (per Government Code Section 16346)	351	-	-	-	-	-
Hospital Service Account, Cigarette and Tobacco Products Surtax Fund to Perinatal Insurance Fund (per Pending Legislation)	-	_	_	_	-	4,939
Physician Service Account, Cigarette and Tobacco Products Surtax Fund to Perinatal Insurance Fund (per Chapter 278, Statutes of 1991)	_	13,676	_	13,676	_	-
Physician Service Account, Cigarette and Tobacco Products Surtax Fund to Perinatal Insurance Fund (per Pending						13,676
Unallocated Account, Cigarette and Tobacco Products Surtax Fund to Perinatal Insurance Fund (per Chapter 278, Statutes of 1991 and Section 21.50, Budget Act of 1992)	-	24,000	-	39,000	-	-

#### Schedule 13-D

## STATE APPROPRIATIONS LIMIT TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS (In Thousands)

	Aci 1992	tual 2–93	Estimated 1993-94		Estimated 1994-95	
	General	Special	General	Special	General	Special
Unallocated Account, Cigarette and Tobacco Products Surtax Fund to Perinatal Insurance Fund (per Pending Legislation)	_	_	_	_	_	\$39,000
Emergency Medical Services Personnel Fund to General Fund (per Item 4120-011-312, Budget Act of 1993)	_	_	\$429	_	_	_
Athletic Commission Fund to General Fund (per Item 1140-001-001, Budget Act of 1994)	_	-	-	_	\$784	_
Outer Continental Shelf Land Act Section 8g Revenue Fund to General Fund (per Item 9896-011-164, Budget Act of 1994)	-	~	-	_	23,466	-
Debt Limit Allocation Committee Fund to General Fund (per Pending Legislation)		_	-	_	740	-
Food Safety Fund to General Fund (per Item 4260-005-177, Budget Act of 1993)	\$200	_	_	_	_	_
Environmental Laboratory Improvement Fund to General Fund (per Item 4260-005-179, Budget Act of 1993)	500		_	_	-	_
Asset Forfeiture Distribution Fund to General Fund (per Chapter 1492, Statutes of 1988)	_	_	5	_	-	_
Industrial Development Fund to General Fund (per Pending Legislation)			_	_	481	_
Hospital Service Account, Cigarette and Tobacco Products Surtax Fund to Perinatal Insurance Fund (per Chapter 278,						
Statutes of 1991)	-	\$4,939	-	\$4,939	-	-
Regulatory Environmental Health Specialist Fund to General Fund (Item 4260-005-335, Budget Act of 1993)	230	_	_	_	-	_
Mortgage Bond and Tax Allocation Fee Account to General Fund (per Pending Legislation)	_	_	_	_	10,329	_
Dealers' Record of Sale Account to General Fund (per Item 0820-011-460, Budget Act of 1993)	_	_	1,500	_	_	
Public Utilities Comm Utilities Reimbursement Account to General Fund (per Item 8660-011-462, Budget Act of 1993)	_	-	16,000	-	-	-
TOTALS	\$97,450	\$84,640	\$106,840	\$100,481	\$46,209	\$101,338

#### Schedule 13-E

## STATE APPROPRIATIONS LIMIT EXCLUDED APPROPRIATIONS (In Millions)

		Actual	Estimated	Estimated
Budget	Fund	1992–93	1993–94	<u>1994–95</u>
DEBT SERVICE:				
Bond Interest and Redemption:				
(9600-510-001)	General	\$1,468	\$1,481	\$1,873
(9590-501-001)	General	1	5	5
Ch. 376/84 Toxics:	General	•	,	J
(3960-501-455)	Hazardous Substance Account	5	5	5
Lease-Revenue Notes/Bonds	General	206	238	312
	General			
Total, Debt Service		\$1,680	\$1,729	\$2,195
SUBVENTIONS:				
K-12 Apportionments:				
(6100-101-001)	General	\$9,178	\$7,474	\$9,095
County Offices:				
(6100-106-001)	General	99	95	138
Community Colleges:				
(6870-101-001)	General	1,075	761	1,040
Total, Subventions—Education		\$10,352	\$8,330	\$10,273
State-Local Realignment:				
VLF Account	Special	\$680	\$716	\$735
VLF Growth Account	Special	36	19	5
Tax Relief:	Бресіаі	30	17	,
(9100-101-001)	General	389	415	419
Renter's Credit	General	404	30	417
Local Government Financing:	General		50	
(9210-103-001)	General	5	5	5
(9210-603-001)	General	5	3	_
(,,				
Shared Revenues:				
(9425-636-451)	Manufactured Home Fee	2	-	_
(9430-640-064)	Motor Vehicle License Fee	2,146	2,246	2,131
(9440-645-086)	Cigarette Tax	3	_	-
Total, Subventions—Other		\$3,670	\$3,434	\$3,295
MANDATES:				
K-12 Desegregation:				
(6100-114-001)	General	\$420	\$423	\$423
(6110-115-001)	General	47	49	48
K-12 Medicare	General	45	45	45
Contribution to STRS:	General	75	7.5	7.5
(6300-602-001)	General	511	518	518
Community Colleges Medicare	General	5	5	5
Various Health and Welfare Federal Mandates	General	963	1,127	731
	General			
Total, Mandates		\$1,991	\$2,167	\$1,770
CAPITAL OUTLAY:				
Various	General			25
TOTAL EXCLUSIONS:		\$17,693	\$15,660	\$17,558
General Fund		14,821	12,674	14,682
Special Funds		2,872	2,986	2,876
Special Luius		2,072	2,700	2,070









